

BUILDING MOMENTUM FOR GROWTH

SUSTAINABILITY REPORT 2019



BUILDING MOMENTUM FOR GROWTH



Polyus is committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.

ICMM
International Council
on Mining & Metals

**MINING WITH
PRINCIPLES**

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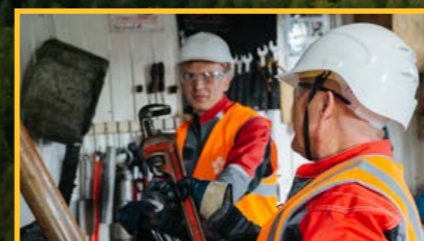
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Polyus represents the “gold standard” in gold mining. When producing gold we contribute to economic development and technological advancement within Russia. We are determined to fulfil our mission by creating value for all of our stakeholders in a most efficient and prudent way, while at the same time ensuring safe working conditions and taking care of the environment.

POLYUS AT A GLANCE

POLYUS TODAY

GRI 102-1

PJSC Polyus¹ is one of the world's ten largest gold mining companies. And as the biggest gold producer in Russia, we know that a proactive and integrated approach to sustainability management is an essential element of our success. In order to maintain our leading position, we make every effort to integrate the best sustainability practices into our operations and set an exemplary industry standard in responsible mining.

OUR MISSION

When producing gold, we contribute to prosperity and technological advancement within Russia. We are determined to fulfil our mission and create value for all our stakeholders in the most efficient and prudent way, while at the same time ensuring safe working conditions and taking care of the environment.

OUR VALUES

Our values serve to guide employees at all our production sites as they aspire to achieve exceptional results in their daily work. Our key values are:

- Efficiency
- Development
- Safety
- Sustainability
- Professionalism
- Cooperation

OUR POSITION IN THE INDUSTRY

1ST GOLD PRODUCER IN RUSSIA

1ST IN TERMS OF PROVEN AND PROBABLE GOLD RESERVES IN RUSSIA

2ND IN TERMS OF PROVEN AND PROBABLE GOLD RESERVES GLOBALLY

KEY FIGURES, 2019

COMPANY REVENUE, \$ MILLION

4,005

TOTAL GOLD PRODUCED, KOZ

2,841

EMPLOYEES COMPLETED OUR ONLINE ANTI-CORRUPTION COURSE

5,500+

AVERAGE HEADCOUNT, EMPLOYEES

19,674

EMPLOYEES RECEIVED TRAINING

93%

LTIFR

0.08

REDUCTION IN CARBON INTENSITY VS 2018

16%

TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES, \$ MILLION

11.0

OF WATER RECYCLED AND REUSED

94%

EXPENDITURE ON SOCIAL PROJECTS, \$ MILLION

47.3

TAX AND LICENCE PAYMENTS MADE TO FEDERAL BUDGET, \$ MILLION

436.7

CHARITY AND SPONSORSHIP PROJECTS IMPLEMENTED IN THE REGIONS OF OPERATIONS

>130

¹ PJSC Polyus, together with its subsidiaries, is referred to in the Polyus Sustainability Report 2019 as the 'company' or 'Polyus'. For a full list of subsidiaries, see the About this Report section.

A YEAR OF ACHIEVEMENT

POLYUS IN MAJOR ESG RATINGS



WWF AND THE UN

In 2019 Polyus took first place among 41 Russian companies in the annual Russian Metals and Mining Companies Environmental Transparency Rating.



SUSTAINALYTICS

71 points —up nine from the 62 received in the previous assessment in 2017.



MSCI ESG RATING

- BBB (up from BB in 2018); inclusion in the MSCI ESG Index series.
- A (up from BBB in 2019) in early 2020



ROBECOSAM

45 points (up from 22 in 2018).



FTSE4GOOD

Inclusion in the FTSE4Good Index series.



CDP Climate Change D (up from F in 2018). **CDP Water Security** D (up from F in 2018).

CDP Forests

The only top-25 mining company by market cap and one of a few Russian companies to respond to the biodiversity-related data disclosure request (Not scored)

OUR AWARDS IN 2019



The Polyus workforce was officially commended by the Russian President for its achievements in developing the gold mining industry and high performance.



Polyus won the 'Precious Metals Industry Leadership Award' category at the S&P Global Platts Global Metals Awards 2019.



First place in the Festival of creative industries G8 AWARDS 2019, in the 'Illustration' category, for our work on Polyus' corporate calendar.



Second place in the Forbes ranking of 50 best Russian employers in 2019.



Based on an evaluation of its Sustainability Report 2018, Polyus was included in the lists of leaders of two RSPF indexes: 'Responsibility and transparency' and 'Sustainable development vector'.



- First place in the 'Best film on innovative technologies' category at the mineMovie 2019 Film Festival, for the film: Best Technological Solutions.
- Second place in the 'Best film about social and environmental projects' category, at the mineMovie 2019 Film Festival for the film 'Festival of Contemporary Art. Territory of Magadan'.

AWARDS RECEIVED BY OUR BUSINESS UNITS AND SUPPORT SERVICES

- Polyus Krasnoyarsk won the 'Exploration Project of the Year' category in the 13th Russian Mining Excellence Award competition, for the Blagodatnoye deposit project, the company's second-largest asset.
- The Acting Managing Director of Polyus Krasnoyarsk was awarded a Diploma of Honour by the Russian President.
- Polyus Verninskoye was named leader in 'Occupational Health and Safety' at the Leaders of Russian Business: Dynamics and Responsibility National Awards 2018 organised by the Russian Union of Industrialists and Entrepreneurs (RSPP).

WHERE WE OPERATE

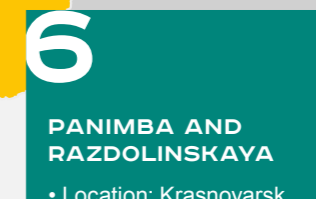
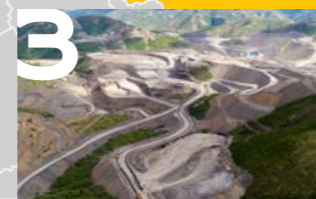
Polyus operates a portfolio of established mines located in remote regions across Russia, including Krasnoyarsk Territory, the Irkutsk and Magadan Regions and the Republic of Sakha (Yakutia).

We recognise our responsibility towards the economic and social prosperity and wellbeing of these regions – and make consistent efforts to improve living standards in our areas of operation. These efforts include launching and supporting infrastructure development projects, providing job opportunities and decent working conditions, effectively managing environmental issues and implementing charitable initiatives.



KEY

- Operating mines
- Projects at exploration stage



1
OLIMPIADA AND BLAGODATNOYE

2
KURANAKH

3
NATALKA

4
VERNINSKOYE

5
ALLUVIALS

6
PANIMBA AND RAZDOLINSKAYA

7
CHERTOVO KORYTO

Location	Krasnoyarsk Territory	Republic of Sakha (Yakutia)	Magadan Region	Irkutsk Region	Irkutsk Region
Share of the company's gold output, %	49	15	14	9	8
Share of the company's adjusted EBITDA, %	OLIMPIADA 51, BLAGODATNOYE 15	6	13	9	3
Average headcount	5,603	1,813	1,739	1,149	2,901
Expenditure on social support activities for the region, \$ thousands	1,595	181	940	474	391
Total GHG emissions, Mt CO ₂ -e	1.66	0.33	0.15	0.16	0.20

6
PANIMBA AND RAZDOLINSKAYA

- Location: Krasnoyarsk Territory
- Measured, indicated, and inferred mineral resources (ounces): **2.6 mln**

7
CHERTOVO KORYTO

- Location: Irkutsk Region
- Measured, indicated, and inferred mineral resources (ounces): **3.6 mln**

8
SUKHOI LOG

- Location: Irkutsk Region
- Measured, indicated, and inferred mineral resources (ounces): **63 mln**

9
BAMSKOYE

- Location: Amur Region
- Measured, indicated, and inferred mineral resources (ounces): **1.1 mln**

Q&A WITH EDWARD DOWLING, CHAIRMAN



Q What does 'improving sustainability performance' mean to Polyus?

A Sustainability refers simply to a way of doing and managing business. At Polyus we strive to ensure that all drivers of sustainability: safety, health, environment, and community considerations – are incorporated into all work elements. Sustainability is not something that is separate from our work, but a vital component within the process of achieving success.

One of the new considerations actively under discussion – and driving us forward – is ESG standards being adopted by banks and the investment community. I am pleased to report that Polyus has made good progress in this area. We are working hard to transform our reporting from simply having a sustainability dimension to including the most recent ESG reporting requirements.

Q What is Polyus's main motivation in putting so much effort into developing its sustainability practices?

A The world around us, and the business environment in particular, are changing more rapidly than ever. New trends, ideas and risks are emerging daily – and having a serious impact on society and market participants. We believe that only companies that anticipate these changing external conditions and evaluate the most significant potential risks and opportunities can expect to be successful.

Committing to sustainability principles means that companies set goals that require them to enhance their approaches and rise to the challenges of our changing world. There are many reasons to pursue this course – and there are clear business benefits to be derived from following a path of sustainability excellence. Our experience shows that companies that excel at integrating sustainability disciplines also generally incur the lowest costs and are the most effective operators. On the Board of Directors, we are convinced that this forms an inherent and significant part of ensuring Polyus' ongoing success.

Q What makes you confident that the company is moving in the right direction in terms of sustainable development?

A Our stakeholders are becoming increasingly diligent and interested in our sustainability performance results. Polyus is benchmarked against other companies – and having our achievements independently recognised is a clear signal that we have chosen the right course.

We were proud to learn that most of this year's assessments of ESG ratings were higher than in 2018. In 2019 our achievements in this field included raising our MSCI ESG Rating assessment from BB in 2018 to BBB in 2019 (and then to A in early 2020), being included in the MSCI ESG Index Series, and raising our Sustainalytics and RobecoSam ratings. Other successes included taking second place in the Forbes ranking of the 50 best Russian employers.

For us sustainability is a journey, rather than a destination. We are proud of our current results, but at the same time are determined to maintain our efforts and to further enhance our sustainability practices.

MOEX AND LSE TICKER

PLZL

OUR SUSTAINABILITY JOURNEY

Over the years, Polyus has managed to achieve remarkable results in developing its health, safety, environmental, business ethics, community, and personnel management practices. The company has put considerable efforts into aligning these practices with globally recognised sustainability principles.

Today, we are closer than ever to our goal of becoming a world-class company that takes full responsibility for its operations – and focuses on delivering long-term value that continually surpasses previous performance and results.

2012

- The company's first sustainability report prepared and independently assured

2013

- Stakeholder Engagement Policy and Human Rights Policy developed

2014

- Launch of full-scale safety culture improvement programme, with a focus on behaviour audits, risk assessment and root cause analysis
- Safety committees set up

2015

- Sustainability Management System complying with IFC and ICMM requirements formalised
- Sustainability Working Group established

2016

- A comprehensive set of health, safety, environment and social related internal documents elaborated

2017

- ICMM Independent Expert Review successfully concluded and ICMM membership confirmed
- Sustainable Development Goals determined for alignment

2018

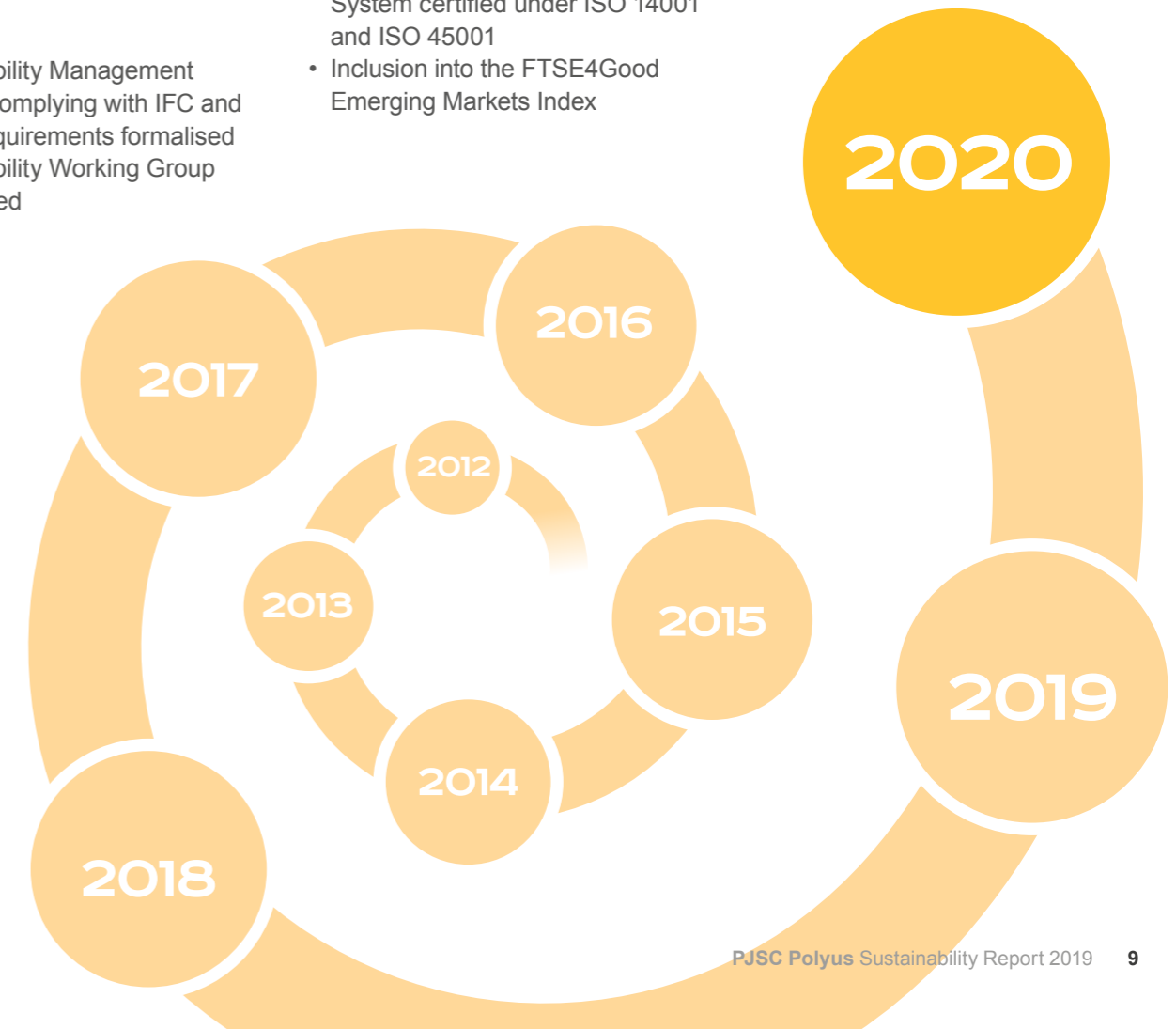
- Automated HSE data and process management system launched
- Integrated HSE Management System certified under ISO 14001 and ISO 45001
- Inclusion into the FTSE4Good Emerging Markets Index

2019

- Focus on rising transparency on ESG issues by increasing information about sustainability on the company's website and widening the scope of sustainability reporting
- First ISO Energy management certification 50001 conducted on Polyus Verninskoye
- Inclusion into the MSCI Emerging Markets ESG Leaders Index

2020

- **Development of Climate Change Strategy**



Q&A WITH PAVEL GRACHEV, CHIEF EXECUTIVE OFFICER



Q Polyus works continuously to improve its performance in the area of sustainable development. What was the approach to sustainability management in 2019?

A We recognise that the high level of trust we receive from our stakeholders should never be taken for granted. Therefore we continuously strive to ensure that their interests are incorporated into our sustainability practices. We understand that our activities have a profound impact on society and the environment – and that this entails a high level of responsibility from us as a company. We take all possible measures to maximise our positive contributions and to mitigate any negative impacts.

While we put the health and safety of our employees first, Polyus also prides itself on conducting business in compliance with ethical standards – and working towards better environmental and socio-economic outcomes in the regions where we operate. We also pay close attention to employee development and motivation levels, because we understand that our strength lies principally in our people.

Q In 2019 Polyus joined the United Nations Global Compact, the world's largest corporate sustainability initiative. What were the reasons behind this, and what were the other significant achievements during the reporting year?

A In Polyus, we believe that a sustainable future can only be achieved through cooperation and sharing best practices. We therefore use every opportunity at our disposal to engage in both global and local sustainability initiatives. We were very pleased to become a participant in the United Nations Global Compact and look forward to promoting sustainable development under the UN's leadership. We confirm our support of the Ten Principles of the UN's Global Compact in the areas of Human Rights, Labour, Environment and Anti-corruption – and are committed to implementing them in our business.

The UN Global Compact initiatives correspond with the sustainable development framework of the International Council on Mining and Metals (ICMM). Given that Polyus has been an ICMM member for several years, we have organised our practices in accordance with the ICMM sustainable development framework. As a result, by the time we joined the UN Global Compact, our sustainability activities were already closely aligned with its principles.

In 2019 we worked hard to further integrate sustainability throughout our business functions and processes. We engaged actively with internal and external stakeholders to better understand their interests and concerns. We are pleased to report significant improvements to our rankings in major ESG ratings. For example, in 2019 we moved from second to first place in the annual Transparency Rating of Environmental Responsibility of Metals and Mining Companies (WWF).

Q You mentioned that human resource management issues are among the company's sustainable development priorities. What were Polyus's key HR management results in 2019?

A Our operating and production performances depend directly on our employees. Therefore, we believe it is essential to make continual efforts to boost the effectiveness of our personnel management system. In 2019 we completed the automation of basic HR processes, making them more comprehensive and integrated – and faster and more convenient for current and potential employees alike.

While the motivation and professionalism of our present employees remains a priority, we recognise the importance of attracting young specialists to Polyus. In 2019 we began implementing a new approach to working with educational institutions. Based on an evaluation of our current methods – and best practice in this area – we developed the Universities and Colleges Collaboration Concept. We believe this will significantly improve the way we attract young people to the company.

Q Safety is a key Polyus value. The company closely monitors practices that contribute to reducing injuries, work-related ill-health and mortality among Polyus employees. Which initiatives helped Polyus achieve outstanding safety results in 2019?

A In 2019 we reduced our lost time injury frequency rate (LTIFR) by around 11%, from 0.09 in 2018 to 0.08. This is a strong indicator of how much safer our working conditions have become. According to a comparative study we conducted in 2019, this is the lowest indicator among Russian mining and metallurgical companies. Regrettably – and despite the continuous efforts being made – there was a single fatality in 2019, due to electric shock.

Key risk minimisation programmes were implemented during the year with a view to preventing falls, electric shocks and accidents involving rotating and moving equipment. These included designing and installing safety systems, equipment upgrades, additional training and updating how business processes are organised.

Q January 2019 saw the terrible Brumadinho dam disaster, when a tailings dam in Brazil suffered a catastrophic failure, with appalling consequences. This tragedy was followed by a public call from the investor community to establish a new international and publicly accessible standard for tailings dams. What is Polyus' position towards this initiative?

A We feel deep sympathy for those affected by this disaster – and there are clearly lessons to be learnt. For this reason, ensuring the safety of our Tailing Storage Facilities (TSF) is an essential part of our activities, and Polyus fully supports the Mining and Tailings Safety Initiative. In 2019 we developed the TSF Safety Report, which is publicly available and contains all the requested information.

As a member of the International Council on Mining and Metals (ICMM), Polyus is actively working, in close collaboration with the ICMM, RMI, and UNEP, on the text of the standard for the safe management of TSF, including intensive internal discussions on potential ways to implement it.

Tailing Storage Facilities safety is a key aspect of our environmental performance. We also pay close attention to water management, air emissions, waste management, cyanide and hazardous substances management, biodiversity management and land conservation.

Q Energy management – and its impact on climate change – is one of the most discussed issues on the global agenda. What was the company's focus here in 2019?

A Our energy management projects provide Polyus' facilities with more reliable and cost-effective power sources and lower our GHG emissions. This in turn enhances our environmental and economic performance. It's why we believe it is important to continuously upgrade our GHG emissions and energy management systems.

In 2019, we launched internal energy audits across all our business units to evaluate the effectiveness of our energy strategy. The findings of these audits will be used to elaborate a new energy strategy in 2020 that will correspond to the most pertinent climate change issues, as well as the outlook for Polyus in terms of boosting energy efficiency.

In the coming year we also plan to conduct climate risk assessments and develop our climate strategy.

Q Polyus is committed to supporting the socio-economic development of local communities. What did the company focus on in 2019?

A Polyus contributes to promoting and maintaining the socio-economic prosperity of the regions of our operation. We do this by providing employment to local people and investing in developing infrastructure, sports and education. We recognise that – as a major company – we influence the lives of thousands of people, hence we are committed to ensuring that our activities have lasting, positive impacts.

Polyus enters into socio-economic partnership agreements with the authorities in the regions where we operate – and as part of this, we implement various infrastructure projects. In addition, we actively participate in the cultural life of the regions: we annually hold the 'Polyus: Golden Season' theatre festival and sponsor the various city, professional and national holidays. For example, in 2019 in honour of the anniversary of Magadan, we organised the 'Territory. Magadan' theatre festival as a gift to the residents of the city and the region. Polyus also organised an interactive scientific and educational platform as part of World University Games 2019.

In early 2020, we did our utmost to prevent the spread of COVID-19 and ensure safety and well-being of our employees and local communities during the pandemic. Besides the necessary measures on our sites and offices aimed at protecting the employees and contractors' health, jointly with the Far East Development Fund we established a \$15.4 million fund to finance activities aimed at fighting COVID-19 in the Russian Far East. Polyus also donated 45 medical ventilators to hospitals in its regions

of operation: Krasnoyarsk Territory, Magadan Region, Irkutsk Region, and the Republic of Sakha.

Q Polyus has always recognised the importance of a strong corporate culture and has a policy of intolerance towards corruption. How would you describe the company's approach to conducting business in accordance with ethical standards?

A Our approach is based on our deeply held belief that no violation should be left unnoticed or not investigated. It is essential that everyone who interacts with Polyus clearly understands the company's position on issues relating to business ethics. Hence we work continuously on determining our key rules of behaviour and communicating them to our stakeholders.

In 2019 we reviewed and improved the internal documents that determine our position in terms of business ethics, and worked on developing new methods to effectively communicate these documents to our employees.

Q What lies ahead for Polyus vis-à-vis sustainable development?

A We will remain resolute in upholding the trust of our stakeholders. We intend to further strengthen and improve our sustainability practices to ensure that our contribution to creating a safer and more sustainable future continues to be positive.

As we develop our business, we will ensure that our actions and policies are consistent with the status of being an industry leader, both in terms of operational results and the level of our sustainability practice.



UN GLOBAL
COMPACT:
JOINED IN APRIL 2019



POLYUS NAMED
RUSSIA'S MOST
TRANSPARENT
METALS AND MINING
COMPANY ACCORDING
TO WWF ANNUAL
RATING



TAILINGS SAFETY
REPORT: PUBLISHED
IN JUNE 2019,
AVAILABLE AT
WWW.POLYUS.COM

OUR APPROACH TO SUSTAINABILITY

“Polyus recognises the significant role that sustainable development plays in achieving global prosperity and in the success of every major company. We are committed to conducting business in a responsible manner and to delivering value for our stakeholders.”

PAVEL GRACHEV
CEO OF PJSC POLYUS

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STRATEGIC VIEW

Our approach to managing the sustainability related aspects of our activities includes maintaining a focus on maximising the positive impact of our operations on society and avoiding – or minimising – any negative effects. We take stakeholder interests into account at every stage of the asset life-cycle, and focus on delivering long-term value in a way that meets our interests and needs – and those of our external stakeholders.

SYSTEMATIC APPROACH

Polyus' systematic approach to sustainable development is reflected in its goal-setting, organisational structures, business processes and sustainability related corporate documents. Our sustainability performance is guided by the corporate Sustainability Management System (SMS), which forms an integral part of our operating model. The SMS was developed in accordance with Performance Standards 1-8 of the International Finance Corporation (IFC), the Sustainability Principles and Position Statements of the International Council on Mining and Metals (ICMM) and other applicable national and international sustainability standards and guidelines.

As we strive to ensure the effectiveness of our sustainability management approach, the SMS is designed to cover all key stages of the company's management cycle: from planning and goal-setting to managing improvements. An important part of the SMS is the Integrated HSE Management system, which ensures that Polyus practices in environmental and social areas comply with the highest standards.

To achieve tangible and long-term sustainable development results, we have set five strategic goals for the years 2020–2027. In 2019, these goals were analysed and updated in the Sustainability Working Group.

STRATEGIC GOALS

- 1 Achieving sustainable growth in production while effectively managing environmental and social risks at each stage of the asset's life cycle: exploration, design, extraction and enrichment, closure and rehabilitation.
- 2 Achieving excellent financial results and complying with the principles of sustainable development in our operations.
- 3 Achieving a zero injury rate through implementing a world-class safety culture.
- 4 Being a reliable partner, including for local communities in our regions of operation, and conducting an open dialogue with stakeholders, always taking their interests into account in the decision-making process.
- 5 Developing a team of professionals that will help the company achieve the leading position in the industry, while complying with sustainable development principles.

SUSTAINABILITY DOCUMENT FRAMEWORK

Polyus' sustainability performance is regulated by a set of internal corporate documents. These establish a framework for the effective management of sustainability related issues and associated risks.

The primary document that regulates the company's sustainability related practices is the Sustainability Management System standard. This formalises how the system is organised, including key priority areas and the distribution of responsibilities.

The management of specific aspects of sustainable development, such as stakeholder engagement and tailing facilities safety, is regulated by a set of dedicated corporate documents. These ensure that we take a tailored approach to improving our performance in the most important areas of sustainability.

More information about the company's sustainability document framework can be found on our [corporate website](#).

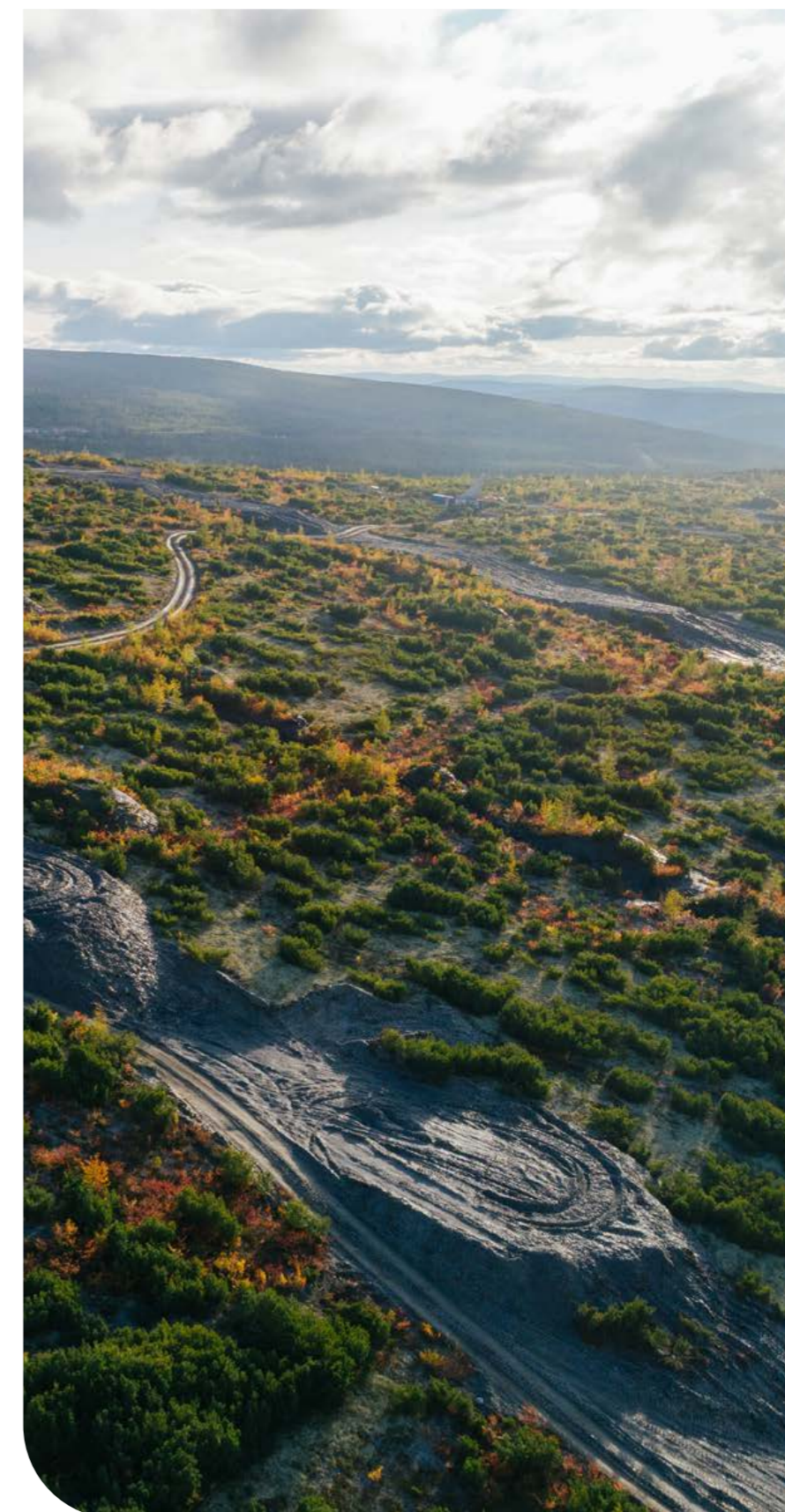
SUSTAINABILITY RISK MANAGEMENT

GRI 102-15

The management of environmental, social, and economic risks forms an essential element of Polyus' sustainability management activities – and sustainability risk management is an integral part of the company's corporate risk management system. As part of a continuous risk management process, sustainability risks are identified, assessed and monitored, both at Managing company and business unit/support service level.

The company has identified 20 key corporate risks, which include the following sustainability related risks:

- non-compliance with legal requirements
- mining risks, including related to pit walls
- negative environmental impacts
- lack of skilled human resources
- accidents at worksites
- power shortages
- ineffective interaction with government authorities



> See more in our [Annual Review](#).

SUSTAINABILITY GOVERNANCE

Sustainability management is embedded in Polyus' corporate governance system. Responsibility for managing sustainability within the company's activities is distributed and allocated at all organisational levels of the company: PJSC Polyus (the Holding company), MC Polyus LLC (the Managing company), and at operational level (Business Units and Support Services). This ensures that both the strategic and operational aspects of sustainable development are appropriately managed.

> See more in our [Annual Review](#).

HOLDING COMPANY LEVEL

Overall responsibility for managing sustainability lies with the Board of Directors. The Board determines the strategic directions and key areas of sustainable development; it also bears responsibility for final sign-off on non-financial reporting and annually reviews the company's sustainability management results.

A key role in overseeing the governance of sustainability performance at Board level is assigned to William Champion, an independent director. Mr Champion draws on 30 years of mining experience to facilitate the implementation of world-class sustainability management practices at Polyus.

The Board Committees serve to increase the effectiveness of the Board's activities related to financial reporting and disclosure, risk management, audit, nomination and remuneration and strategy and operations.

MANAGING COMPANY LEVEL

At Managing company level, the main role in sustainability governance is held by Pavel Grachev, Chief Executive Officer (CEO). The CEO monitors improvements in sustainability management as well as the distribution of sustainability related responsibilities among functional divisions.

In addition, two designated bodies: the Central Safety Committee and the Sustainability Working Group, operate at Managing company level to support qualitative discussions and efficient decision-making on sustainable development issues.

The main goal of the Central Safety Committee's work is to ensure that timely measures are taken to prevent industrial accidents, occupational diseases and threats to environmental safety. When implementing its functions, the Committee conducts continuous analysis and assessments of the company's occupational safety and environmental protection activities. The Committee operates under the leadership of the Senior Vice President in Operations, and comprises the senior management of the company and the CEOs of business units and support services.

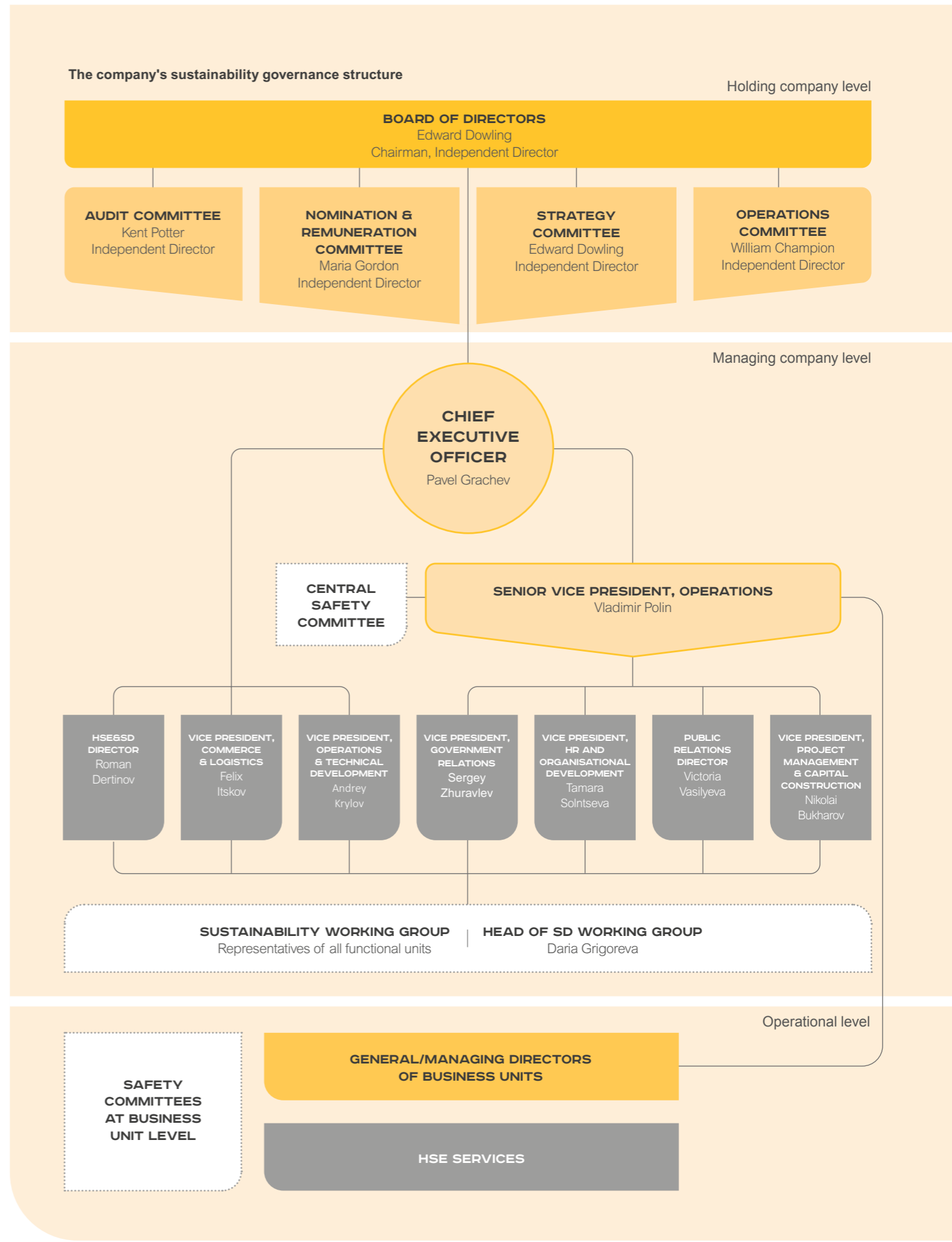
The Sustainability Working Group also forms an essential part of the Polyus sustainability governance system. The Working Group integrates sustainability considerations into the company's operational activities. Its main functions include determining sustainability objectives and ensuring that the company's activities comply with relevant principles and standards. The Working Group comprises the heads of functional units engaged in managing various sustainability issues.

OPERATIONAL LEVEL

At each Business Unit and Support Service of the company there is an integrated HSE management structure in place. Integrated management structures comprise HSE services headed by HSE Directors, working groups, and safety committees. HSE Directors report directly to the General Directors of each Business Unit and Support Service, and the HSE&SD Director at Managing company level.

HSE Directors monitor the management of HSE issues, ensuring that all activities correspond to the relevant internal requirements established by the Managing company. They are also responsible for corresponding units' compliance with HSE legal requirements.

Each business unit has a safety committee, which performs functions similar to those of the Central Committee. All the categories of workers can participate in the committee's meetings. Designated HSE specialists at each business unit ensure that the conduct of personnel complies with respective safety requirements.



ICMM MEMBERSHIP

FIVE YEARS OF MEMBERSHIP

Polyus has been an approved member of the International Council on Mining and Metals (ICMM), an international organisation promoting sustainable mining, since 2015.

Joining the ICMM implies execution of the ICMM Sustainable Development Framework, which includes compliance with ICMM sustainability principles and position statements.

Membership allows Polyus to interact with the ICMM and share knowledge and experience of implementing sustainability practices with other ICMM members.

An important part of the company's ongoing cooperation with the ICMM is the participation of Polyus representatives in various ICMM committees and working groups.

In 2019 Polyus, represented by its CEO, worked closely with the ICMM to develop an international standard for tailing storage facilities. Our CEO Pavel Grachev is a member of the working group developing the standard. The work will proceed in 2020.

Polyus has representatives on the ICMM's deliberative bodies and working groups. Pavel Grachev represents the company in the ICMM CEO Council. The company's Head of Sustainable Development is a member of the ICMM Principal Liaisons Committee, which is responsible for implementing ICMM strategy. Our representatives regularly participate in the work of the ICMM working groups such as H&S, Water, GHG emissions reduction, Tailings, Climate change and Social Goals.

ICMM PERFORMANCE EXPECTATIONS

In recent years we have actively participated in developing ICMM performance expectations. These are aimed at enhancing basic principles in order to highlight clear strategic directions; therefore, they are more detailed and contain additional information and provisions. This ICMM initiative is aimed at establishing a benchmark for responsible practices in the mining industry. The performance expectations include new responsible mining practices not covered by ICMM principles or position statements.

In 2019 Polyus participated in discussions on how to best integrate and communicate performance expectations. From 2020, companies will be required to perform business unit self-assessments of compliance with performance expectations. Polyus takes its duties as a member of the ICMM seriously – and performed a pilot self-assessment in 2019 to develop an optimal way to ensure compliance with this requirement and find the most efficient way for business units to make assessments.



CASE STUDY

MINING PARTNERSHIPS FOR DEVELOPMENT

As the only Eastern European company member of the ICMM, Polyus has taken on a voluntary commitment to explain and promote the ICMM framework for sustainable development among Russian mining and metals companies. To help achieve this goal, we annually organise public events dedicated to specific sustainability topics. Each time the topic is chosen in collaboration with the ICMM and our peers to ensure its relevance and importance.

In 2019, in collaboration with St. Petersburg Mining University,

we organised a conference on waste management in mining. This topic is especially pertinent, due to recent changes in Russian legislation. Event participants included representatives from large Russian and global mining companies, Polyus employees, ICMM representatives and St Petersburg Mining University students. Involving young specialists is a new practice for Polyus, adopted for the first time in 2019.

The next event will be in summer 2020 in Irkutsk, dedicated to climate change.

TOPICS OF FOCUS OF THE HOSTED EVENTS

- 2017** WATER MANAGEMENT (MOSCOW)
- 2018** HEALTH & SAFETY (KRASNOYARSK)
- 2019** WASTE MANAGEMENT (ST. PETERSBURG)
- 2020** CLIMATE CHANGE (IRKUTSK)

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



ICMM
Partnerships for development

¹ ICMM. Stakeholder engagement



OUR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS



THE GLOBAL GOALS For Sustainable Development

Our approach to sustainability management is designed to meet the expectations of global sustainability initiatives, contribute to achieving their goals and comply with best industry practices. Polyus supports the United Nations Sustainable Development Goals (SDGs) adopted in 2015 by the UN General Assembly, and endeavours to make a meaningful contribution to attaining them.

In 2019 Polyus joined the Global Compact and the Global Compact's local Russian network.

While recognising the importance of all 17 SDGs, we focused our efforts on nine goals that are of particular relevance to our business and where Polyus can make the biggest impact. The applicability of the SDGs to our business operations is periodically re-evaluated. In 2019, Goal 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss was included in the list of relevant SDGs under the Polyus SD WG decision.

The table on the right presents ten SDGs that we focus on and demonstrates how Polyus' activities contribute to achieving the SDGs. Examples of specific Polyus sustainability related activities and their relevance to attaining the SDGs are illustrated through individual case studies and associated pictograms throughout this Report.



Goal 3: Ensure healthy lives and promote well-being for all at all ages

Goal 3.5. Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and the harmful use of alcohol.

Goal 3.6. By 2020, halve the number of global deaths and injuries from road traffic accidents.

Goal 3.9. By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination.

Our contribution:

- We ensure that all employees and contractors have the necessary knowledge and equipment to able to perform their duties safely, both for themselves and the environment.
- We provide healthcare to all company employees.
- We involve local communities in our healthcare campaigns.
- We adopt a principle of zero tolerance towards the use of alcohol and drugs on our production sites.
- We monitor our impacts on air and water in order to prevent any negative effects on the health of the local population.
- From 2016 to 2019 we reduced our total automotive accident rate (TAARK) by 30%.

Our programmes:

- The Healthy Heart Programme has been implemented: employees undergo mandatory ultrasound of the heart and neck – [see page 76](#).
- The Daily Digital MedChecks Project: automated medical systems were installed, covering 98% of pre-trip and pre-shift medical examinations – [see page 77](#).
- Men's and Women's Health: oncological screenings of employees – [see page 77](#).
- Running a number of learning programmes on transport safety, including defensive driving training – [see page 72](#).

98%

OF PRE-TRIP AND PRE-SHIFT MEDICAL EXAMINATIONS OF ALL EMPLOYEES ARE PERFORMED WITH THE USE OF AUTOMATED MODULES



Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

Our contribution:

- We provide learning and professional development opportunities for employees.
- We share knowledge in the mining sphere through collaborating with colleges and universities.
- We implement joint programmes with universities and colleges.

Our programmes:

- Organising excursions to our gold mining facilities for teachers and students from local schools.
- Supporting the professionally orientated project 'Mining Class' in school No.4 at Nizhny Kuranakh.
- Corporate University, aggregating all Polyus trainings and courses – [see page 53](#).

18,264

EMPLOYEES COVERED BY TRAINING AND EDUCATION PROGRAMMES IN 2019



Goal 6: Ensure availability and sustainable management of water and sanitation for all

Goal 6.3. By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

Goal 6.4. By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

Our contribution:

- We use pit and waste water in closed circulation systems at most of our facilities.
- We reduce impacts on surface water sources by lowering water intake volumes and boosting wastewater treatment efficiency.

Our programmes:

- The Water Campaign – [see page 84](#).
- Regular safety monitoring, annual and independent audits of tailings – [see page 88](#).
- Participation in the ICMM policy editing on the safety of tailings – [see page 88](#).

94%

SHARE OF WATER RECYCLED AND REUSED IN 2019



Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 7.3. By 2030, double the global rate of improvement in energy efficiency.

Our contribution:

- We continuously improve our energy efficiency.
- We improve the energy infrastructure in remote regions of the country.
- We completely halted the operation of diesel power plants at Olimpiada and Blagodatnoye, which led to a drop in diesel fuel consumption. We also connected to more efficient federal power grid supplies.

Our programmes:

- Energy audits – [see page 95](#).
- ISO Energy management certification 50001 was conducted at Polyus Verninskoye.
- Energy supply improvement at Olimpiada – [see page 101](#).
- Construction of a double-circuit 1110-kV Taiga – Olimpiada power line – [see page 101](#).

12.58 TJ

FUEL AND ENERGY SAVINGS FROM ENERGY EFFICIENCY IMPROVEMENT PROGRAMMES IN 2019

OUR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS CONTINUED



Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

Goal 8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

Goal 8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Our contribution:

- We create high-quality jobs in addition to local economic opportunities.
- We ensure a comfortable working environment.
- We respect the labour rights of all our employees.

Our programmes:

- The 'We know the value of gold!' programme aimed at helping students decide on their future career.
- Initiating a special training initiative for HR internal customers of the recruitment process – [see page 46](#).
- Employee engagement studies – [see page 56](#).

86.06%

EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS IN 2019



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Goal 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Goal 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Our contribution:

- We develop infrastructure facilities in regions of operation under social partnership programmes with regional authorities (e.g. in Krasnoyarsk Territory, Magadan Region, Irkutsk Region, Republic of Sakha)

Our programmes :

- Sponsorship of infrastructure refinement in Ust-Omchug village – [see page 111](#).
- Reparation of a classroom in Polytechnic Institute of North-East State University – [see page 111](#).
- Development of infrastructure projects in the remote Bodaybo. Participation in projects for improvement of living standards and further improvement of sport infrastructure – [see page 112](#).

\$22 MILLION

INVESTED IN INFRASTRUCTURE DEVELOPMENT PROJECTS IN 2019



Goal 12: Ensure sustainable consumption and production patterns

Goal 12.2. By 2030, achieve the sustainable management and efficient use of natural resources.

Goal 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

Goal 12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Our contribution:

- We increase the efficiency of natural resources use.
- We manage waste responsibly.
- We work with responsible suppliers of goods and services.

Our programmes:

- Commissioning the waste disposal and recycling facility at Olimpiada, – [see page 86](#).
- Landfill project for industrial and municipal waste disposal at Kuranakh – [see page 86](#).
- Bio-testing laboratory accreditation at Kuranakh – [see page 86](#).
- Certification audit for compliance with the International Cyanide Management Code (ICMC) at Verninskoye, planned for 2020 – [see page 89](#).

374.24 MT

OF WASTE REUSED, STORED, TRANSFERRED AND NEUTRALISED IN 2019



Goal 13: Take urgent action to combat climate change and its impacts

Goal 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Our contribution:

- We reduce GHG emissions through transitioning to renewable energy sources.
- We improve our energy efficiency.

Our programmes:

- Energy strategy – [see page 96](#).
- Identifying GHG emissions sources within energy audits – [see page 96](#).
- Own generation reduction of facilities at the Olimpiada site – [see page 101](#).
- Climate-related risk assessments planned for 2020.
- Boosting the use of hydro-electric power plants to supply our facilities – [see page 99](#).

16.1%

REDUCTION IN CARBON INTENSITY VS. 2018



Goal 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

Goal 15.1. By 2020, ensure the conservation, restoration, and sustainable use of terrestrial and inland freshwater ecosystems and their services; in particular, forests, wetlands, mountains and drylands, in line with obligations under international agreements.

Goal 15.5. Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Our contribution:

- We perform detailed biodiversity studies and annual monitoring of adjacent territories, in collaboration with local scientific institutions.

Our programmes:

- Biodiversity assessment in the area near Olimpiada – [see page 91](#).
- Biodiversity studies and an assessment programme in the area near the Verninskoye mine by the Vitim Nature Reserve – [see page 91](#).
- Continued monitoring of birds and animals in the area near Nataalka – [see page 91](#).
- Implementation of biocontrol assessments at the bio-testing laboratory at Kuranakh – [see page 86](#).

\$310 THOUSAND

INVESTED IN BIODIVERSITY PROGRAMMES IN 2019



Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable developments

Goal 17.16. Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.

Our contribution:

- We support sustainability initiatives promoted by Russian and international industry organisations, in particular by the International Council on Mining and Metals (ICMM), the Extractive Industries Transparency Initiative (EITI), the UN Global Compact, and the Russian Union of Industrialists and Entrepreneurs (RSPP).

Our programmes:

- Mining development partnerships; organising a conference on waste management in mining, which took place in St. Petersburg – [see page 19](#).
- Active participation of Polyus representatives in ICMM initiatives and working groups, in particular to develop an international standard for the safe management of tailings facilities – [see page 18](#).
- Active participation in the work of Russian Union of Industrialists and Entrepreneurs (RSPP) working bodies – [see page 25](#).

>20 WORKING BODIES

ESTABLISHED BY CIVIL SOCIETY ORGANISATIONS AND PUBLIC AUTHORITIES WHERE POLYUS IS REPRESENTED

COMMITMENT TO UN GLOBAL COMPACT PRINCIPLES





On 27 March 2019 Polyus joined the UN Global Compact, the world's largest corporate sustainability initiative. By joining the initiative, we reinforce our commitment to the UN Global Compact ten Principles, which were established by the United Nations to support efforts made by companies to do business responsibly.

The ten Principles address four critical areas of corporate responsibility: Human Rights, Labour, the Environment, and Anti-Corruption. All these are covered by Polyus' material issues.

We are already committed to complying with the highest sustainable development standards, including those related to Human Rights, Labour, the Environment, and Anti-Corruption. We have now pledged to make the ten Principles part of our strategy and engage with other UN Global Compact participants to combine forces to attain the UN's Sustainable Development Goals. To boost the effectiveness of this collaboration, Polyus joined the Global Compact's local Russian network in August 2019.

The following table shows the links between the UN Global Compact principles and the relevant sections of this Sustainability Report. These sections contain information on the particular practices and initiatives that we implement to address the issues of each UN Global Compact principle.

> For more details see our Material Issues, page 26.

PRINCIPLE	AREA/SECTION
1 Businesses should support and respect the protection of internationally proclaimed human rights	 Human Rights Ethics and Human rights, see page 30.
2 Businesses should make sure that they are not complicit in human rights abuses	
3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	 Labour Human Capital, see page 44.
4 Businesses should uphold the elimination of all forms of forced and compulsory labour	
5 Businesses should uphold the effective abolition of child labour	
6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	
7 Businesses should support a precautionary approach to environmental challenges	 Environment Environmental Stewardship, see page 80.
8 Businesses should undertake initiatives to promote greater environmental responsibility	
9 Businesses should encourage the development and diffusion of environmentally friendly technologies	
10 Businesses should work against corruption in all its forms, including extortion and bribery	 Anti-Corruption Ethics and Human rights, see page 30.

COMMITMENT TO EXTERNAL INITIATIVES

Membership of the ICMM and our commitment to the UN Global Compact Principles is of the utmost importance to Polyus. At the same time, the company actively works with a wide range of other industrial associations and national and international advocacy organisations, including:

- The Russian Union of Industrialists and Entrepreneurs (RSPP)
- Gornoye delo (national association)
- The Russian Union of Gold Producers
- The National Association for Subsoil Examination
- The All-Russia Intersectoral Association of Employers – producers of nickel and precious metals (trade union)

CASE STUDY

MEMBERSHIP OF THE RUSSIAN UNION OF INDUSTRIALISTS AND ENTREPRENEURS (RSPP)

The Russian Union of Industrialists and Entrepreneurs (RSPP) is an independent, non-governmental organisation. It acts as a major representative of Russian business members' interests, both within Russia and internationally. Participating in RSPP working bodies, our representatives contribute to adopting a unified position of its members on regulatory frameworks and the practical implementation of requirements in the areas of environmental safety and management, corporate governance, tax policy, industrial and technological safety, occupational safety and emergency prevention, the protection of property rights, creating the necessary conditions for fair competition, corporate social responsibility and sustainable development.

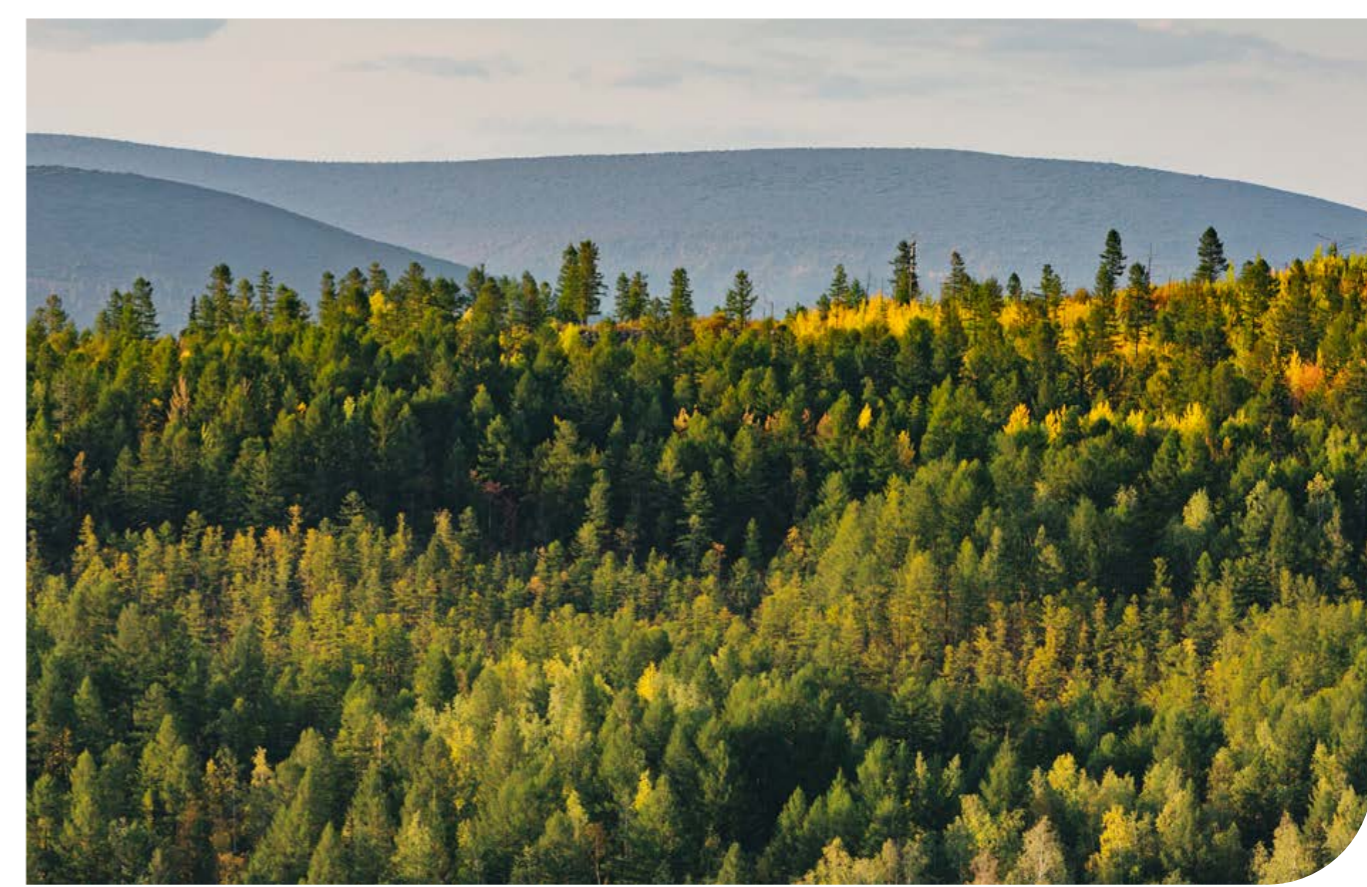
Polyus has been a member of the RSPP since 2014. In 2018 the company's CEO, Pavel Grachev, became a member of the Board of RSPP, which considerably enhanced our standing within the organisation.

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



ICMM
Partnerships for development

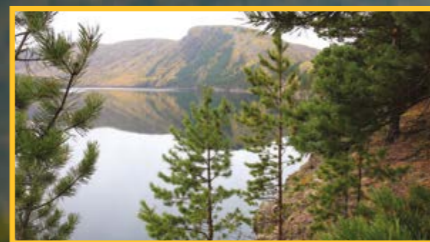
¹ ICMM. Stakeholder engagement



OUR MATERIAL ISSUES



30 Ethics and
Human Rights



80 Environmental
stewardship



44 Human
Capital



94 Energy and
Climate Change



60 Health
and Safety



102 Local
Communities



OUR MATERIAL ISSUES

Our sustainability practices and initiatives are organised in such a way so as to make progress and develop in all areas that are relevant for our activities and operations. Based on the results of an analysis of areas that are essential for our stakeholders, the following issues were determined as being material for Polyus.



POLYUS' COMMITMENTS TO

ETHICS AND HUMAN RIGHTS

HUMAN CAPITAL

HEALTH AND SAFETY

ENVIRONMENTAL STEWARDSHIP

ENERGY AND CLIMATE CHANGE

LOCAL COMMUNITIES

UN SDGS						
ICMM PRINCIPLES	No 1. Ethical business No 3. Human rights No 10. Stakeholder engagement	No 2. Decision-making No 10. Stakeholder engagement	No 4. Risk management No 5. Health and safety	No 7. Conservation of biodiversity No 8. Responsible production No 6. Environmental performance	No 6. Environmental performance	No 9. Social performance
ICMM POSITION STATEMENTS	Mineral revenues Partnerships for development			Water stewardship Tailings governance Protected areas	Climate change	Indigenous peoples
UN GC PRINCIPLES	No 1-2. Human Rights No 10. Anti-corruption	No 3-6. Labour		No 7-9. Environment		
GRI STANDARDS	201: Economic Performance 205: Anti-corruption 405: Diversity and Equal Opportunity	202: Market Presence 401: Employment 404: Training and Education 407: Freedom of Association and Collective Bargaining 419: Socioeconomic Compliance	403: Occupational Health and Safety	303: Water and Effluents 304: Biodiversity 305: Emissions 306: Effluents and Waste 307: Environmental Compliance	302: Energy 305: Emissions	203: Indirect Economic Impacts 204: Procurement Practices 413: Local Communities
PAGE OF THE SUSTAINABILITY REPORT	30	44	60	80	94	102



ETHICS AND HUMAN RIGHTS

EMPLOYEES COMPLETED OUR ONLINE COURSE ON ANTI-CORRUPTION

5,500+

MESSAGES SUBMITTED THROUGH THE WHISTLEBLOWING HOTLINE

>400

CREATING TRUST BETWEEN POLYUS AND ITS STAKEHOLDERS

Polyus recognises the importance of complying with business ethics standards and respecting human rights. We strive to ensure that our internal regulatory documents in this area keep pace with the changing business world – and are properly communicated to all our employees. We are also constantly improving our communication system, since we believe that any business ethics violations in the company should be identified and promptly investigated.

GLOBAL SUSTAINABLE DEVELOPMENT GOALS



ICMM SUSTAINABILITY PRINCIPLES



ICMM POSITION STATEMENT

ICMM
Mineral revenues

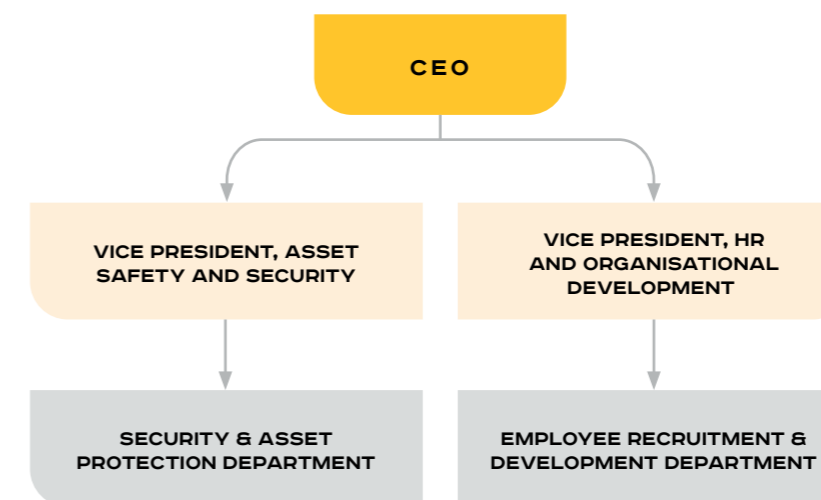
ICMM
Partnerships for development

¹ ICMM. Human rights.
² ICMM. Ethical business.
³ ICMM. Stakeholder engagement.

PERFORMANCE AGAINST GOALS

Goal	Status	Summary of progress in 2019
Evaluate the level of employee awareness about the Corporate Ethics Code and its values	Achieved	• The study identified the strengths and weaknesses of our approach to communicating the Code and its values to employees. An information campaign is planned for 2020 to raise awareness levels.
Improve employee training practices vis-à-vis ethics issues	On track	• An online training course focusing on Corporate Ethics Code requirements was developed. A new version of the course, specifically for working specialties is planned for 2020.
Review and update policies and standards.	Achieved	• The Anti-corruption Policy was supplemented with new control procedures and the conflicts of interest section was expanded. The Human Rights Policy was updated.

ALLOCATION OF RESPONSIBILITIES



DOCUMENT FRAMEWORK

Internal

- Corporate Ethics Code.
- Anti-corruption Policy.
- Human Rights Policy.
- Stakeholder Engagement Policy.
- Standard for Engagement with Indigenous Peoples.

External

- UN Global Compact.
- Universal Declaration on Human Rights.
- International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
- The UN Convention against Corruption.
- The OECD Convention on Combating Bribery of Foreign Officials in International Commercial Transactions.
- Council of Europe Criminal Law Convention on Corruption.

ETHICS AND HUMAN RIGHTS CONTINUED

MANAGEMENT APPROACH

GRI 103

We endeavour to build and support a strong corporate culture within Polyus, based on a clear awareness and understanding of ethics and the principles of responsible business conduct.

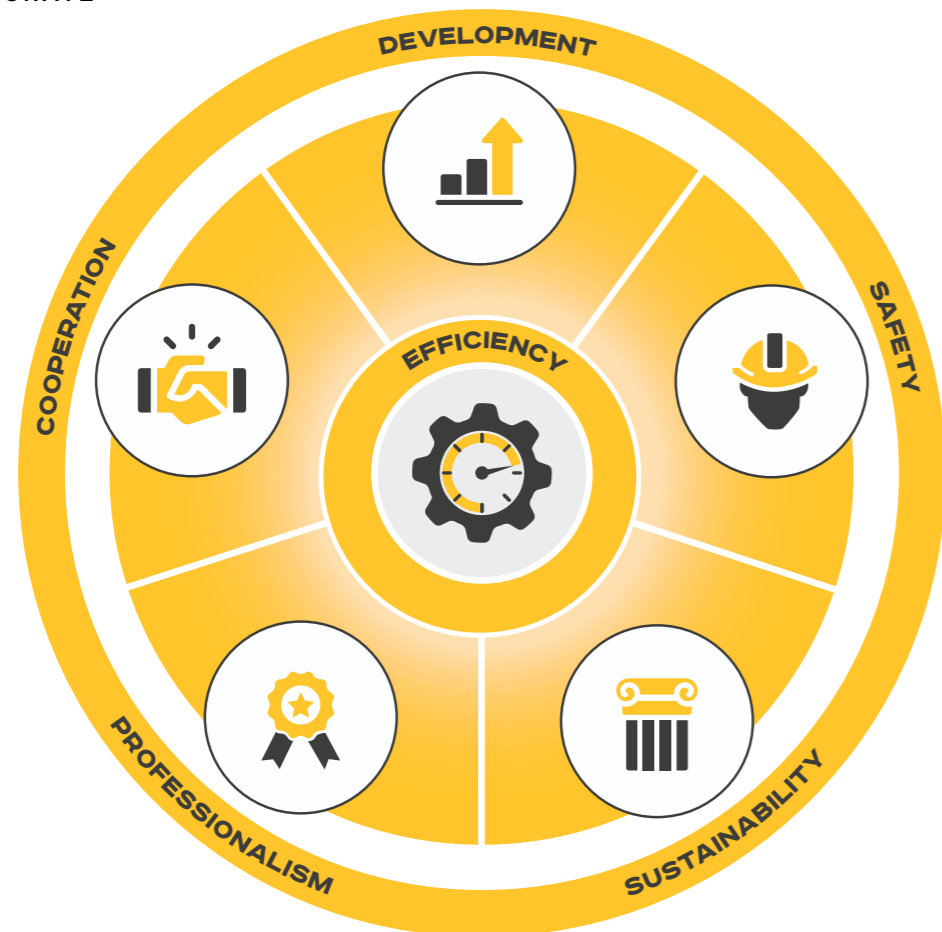
As a corporate citizen, we are obliged to implement responsible business practices. For us, this includes a wide range of issues that combine to create a picture of the company in the mind of the public. Consequently this impacts our business reputation – from intolerance towards corruption and openness in our communications to respecting everyone's human rights; from employees and shareholders to external stakeholders.

Our **Corporate Ethics Code** establishes the mission and values of the company. The code sets out Polyus' internal standards and rules and takes into account the specifics of interacting with each group of stakeholders. The code is promoted through a company-wide campaign, which includes a remote e-learning course on the code's requirements and mission statements.

We believe business ethics to be more than a system of regulations we are required to follow. Conducting business in accordance with business ethics standards helps ensure that a certain level of trust is achieved and maintained between Polyus and its stakeholders, including the government, employees, business partners, local communities, shareholders and the media.

Maintaining our esteemed business reputation is vital for the continuous growth of the company – and to enable us to operate sustainably. Our long-term relationships with stakeholders are based on respect, integrity and openness – and we make every possible effort to uphold these values.

POLYUS CORPORATE VALUES



STAKEHOLDER ENGAGEMENT

GRI 102-42 · GRI 102-43

Understanding the values and needs of our stakeholders helps us build respectful, transparent and mutually beneficial relationships with them. We recognise the importance of fully addressing their concerns and expectations.

Polyus' key stakeholders are defined as those whose interests, decision-making, or health and safety can be impacted by the company's activities – or have a potential influence on them. Our key stakeholder groups are shareholders, local and federal governments and regulators, employees and contractors, local communities, suppliers, the media, NGOs and industry organisations.

Polyus has an established framework in place to develop an effective stakeholder engagement process, which is regulated by internal documents. Our Stakeholder Engagement Policy provides an overall approach to managing the company's relations with stakeholders and developing appropriate engagement strategies for each group.

To achieve our goal of maintaining transparent and comprehensive long-term relationships, we employ a wide range of engagement tools and mechanisms. These facilitate open dialogue with stakeholders and enable us to receive their feedback and include a 24/7 hotline, confidential boxes in business units and an electronic mailbox (info@polyus.com).

In 2019 we continued to communicate actively with our stakeholders through internet channels. We regularly update our website (www.polyus.com), which is available in both English and Russian. The website has proved to be an excellent platform for receiving requests and enquiries from our external stakeholders.

During the year we significantly expanded the sustainable development content of our website, prompted by growing interest from investors in the environmental and social aspects of our operations.

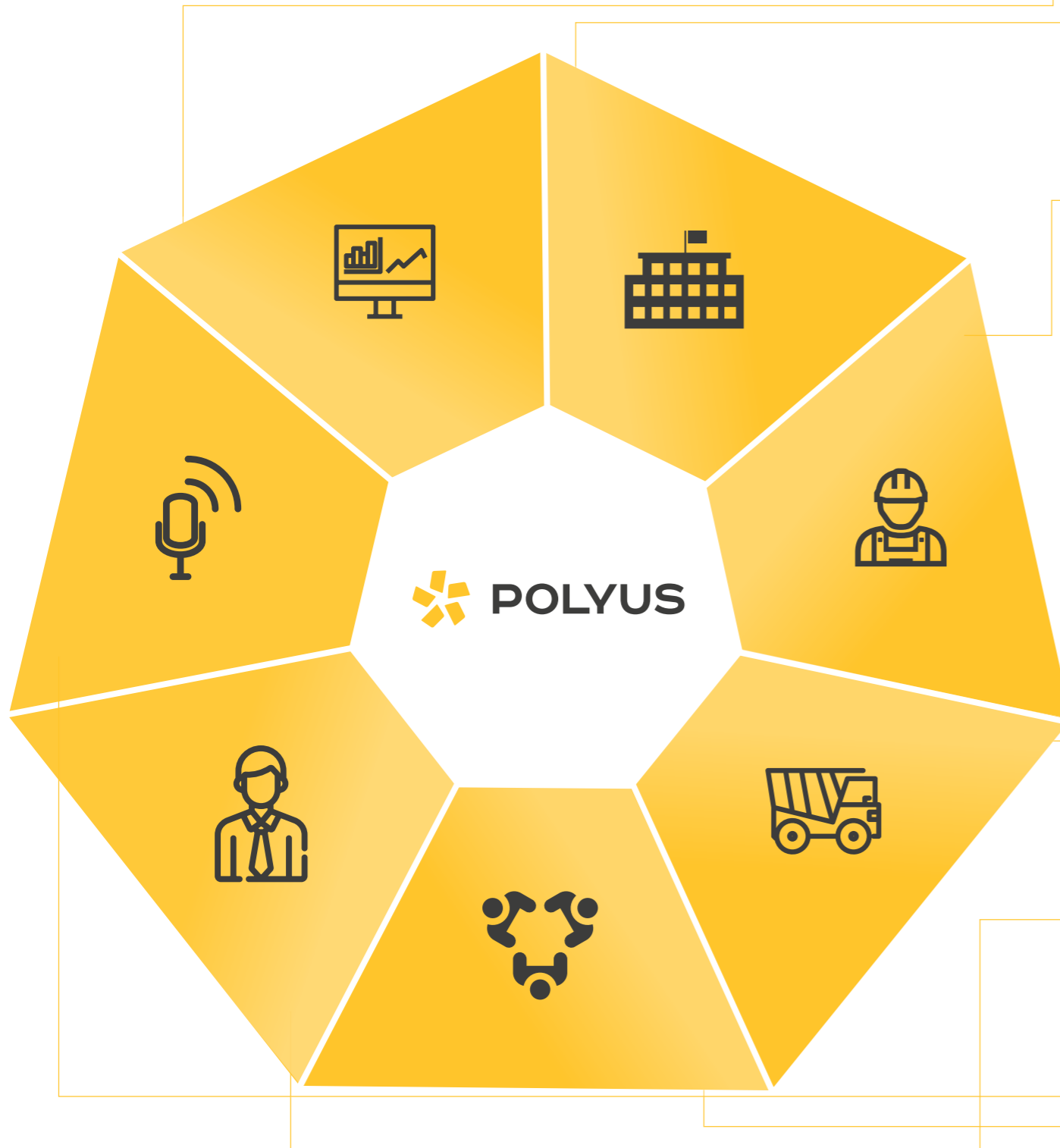
Polyus is also active on various social networks (including Facebook and the Russian social network VK). In 2019 we received 1,364 enquiries through Facebook, VK, and Instagram, most of which related to employment and collaboration opportunities.

In 2019 we launched our Sustainability blog, which is regularly updated with articles on sustainable development and our latest sustainability related news.

For more information visit the blog at www.polyus.com/en/sustainability/blog/.

UNDERSTANDING OUR STAKEHOLDERS

Polyus constantly seeks to engage and build respectful, transparent and mutually beneficial relationships with its stakeholders, address their concerns and expectations — and keep them informed of the company’s activities. Understanding our stakeholders and their values and needs is of the utmost importance to Polyus.



	<p>SHAREHOLDERS, LENDERS, BONDHOLDERS</p> <p>Stakeholder concerns</p> <ul style="list-style-type: none"> • Long-term value by ensuring consistent financial returns 	<p>How we engage</p> <ul style="list-style-type: none"> • Annual general meetings • Regular hard-copy and electronic communications • Regular meetings with institutional shareholders 	<ul style="list-style-type: none"> • Access via the company’s website www.polyus.com <p>Responsible within the company</p> <ul style="list-style-type: none"> • Top management • Investor Relations function
	<p>GOVERNMENT AND REGULATORS</p> <p>Stakeholder concerns</p> <ul style="list-style-type: none"> • Legislative and regulatory compliance • Environmental and social performance, fiscal regimes 	<p>How we engage</p> <ul style="list-style-type: none"> • Agreements on social-economic partnerships • Charity and sponsorship initiatives • Conferences and forums 	<ul style="list-style-type: none"> • Memberships of associations <p>Responsible within the company</p> <ul style="list-style-type: none"> • Government Relations function
	<p>EMPLOYEES</p> <p>Stakeholder concerns</p> <ul style="list-style-type: none"> • Health and safety • Working conditions • Career opportunities • Wages, benefits and social packages • Training and education 	<p>How we engage</p> <ul style="list-style-type: none"> • Direct communications with employees through immediate supervisors and management • Corporate newspaper: ‘Territory of Polyus’ • Internal web portal • Operation-based newsletters • 24/7 Hotline • Confidential feedback boxes • Corporate sports and cultural events, professional competitions 	<ul style="list-style-type: none"> • Volunteer projects • Employee surveys <p>Responsible within the company</p> <ul style="list-style-type: none"> • HR and Organisational Development function • HSE&SD function • Operations and Technical function
	<p>SUPPLIERS AND CONTRACTORS</p> <p>Stakeholder concerns</p> <ul style="list-style-type: none"> • Supply and contractor agreements • Payment processes 	<p>How we engage</p> <ul style="list-style-type: none"> • Tenders • Contractual relationships • Workshops 	<p>Responsible within the company</p> <ul style="list-style-type: none"> • Commerce and Logistics function
	<p>LOCAL AND INDIGENOUS COMMUNITIES</p> <p>Stakeholder concerns</p> <ul style="list-style-type: none"> • Potential environmental and social impacts • Employment opportunities • Infrastructure development 	<p>How we engage</p> <ul style="list-style-type: none"> • Newsletters and targeted communications • Public hearings and meetings • Confidential feedback boxes • Charity activities • Social programmes 	<p>Responsible within the company</p> <ul style="list-style-type: none"> • Public Relations function • Government Relations function
	<p>NGOS AND INDUSTRY ORGANISATIONS</p> <p>Stakeholder concerns</p> <ul style="list-style-type: none"> • Social and environmental performance of operations • Mitigating non-financial risks • Industry-specific issues 	<p>How we engage</p> <ul style="list-style-type: none"> • Regular interaction with relevant national and international organisations 	<p>Responsible within the company</p> <ul style="list-style-type: none"> • Public Relations function • Government Relations function
	<p>MEDIA</p> <p>Stakeholder concerns</p> <ul style="list-style-type: none"> • Broad range of issues reflecting all stakeholder interests 	<p>How we engage</p> <ul style="list-style-type: none"> • Press releases, briefings • Presentations and interviews • Site visits 	<p>Responsible within the Company</p> <ul style="list-style-type: none"> • Public Relations function

> See more in our [Annual Review](#).

ETHICS AND HUMAN RIGHTS CONTINUED

HUMAN RIGHTS

Polyus understands the crucial importance of respecting human rights and strives to comply with the best international practices in this area.

Our Human Rights Policy was elaborated in accordance with the Universal Declaration of Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, Voluntary Principles on Security and Human Rights and ICMM Principle 3 Respect human rights – as well as the interests, cultures, customs, and values of employees and communities affected by our activities. The policy has been in force at Polyus since 2015 and is regularly reviewed to ensure that it conforms to the latest updates in external documents and the changing business environment. In 2019 we updated the policy; the new version will be approved and published in 2020.

Our Human Rights Policy comprises ten principles that reflect the company's commitment to respecting the rights of our employees and other stakeholders:

Polyus plans to further promote the Human Rights Policy among employees. We run an online course that covers issues related to anti-bribery and corruption, with a focus on human rights. An online training specifically devoted to human rights issues was developed in 2019 – and is planned to be implemented in 2020. The training comprises a theoretical section on human rights issues and a block of case studies for employees to apply their new knowledge and discover how the decisions they make can lead to certain consequences.

We also expect strong commitment to respect human and labour rights from our contractors, suppliers and business partners. Polyus undertakes to inform interested parties about the requirements of its Policy – and discusses labour issues with employees and other stakeholders.

Responsibility for ensuring compliance with human rights requirements is shared across a number of departments, including HR and local community engagement, as well as with functional directors. Each of these is accountable for compliance within their particular area.

In 2019 our Head of Sustainability participated in a UN discussion panel in Moscow during the National Forum on Sustainable Development. The panel focused on human rights and immediate opportunities for partnership projects.



CASE STUDY

RESPECTING THE RIGHTS OF INDIGENOUS PEOPLES

Polyus does not operate near settlements of indigenous peoples and has no direct impacts on such communities. However, in preparation for any potential interactions – and to ensure that social risks are effectively managed – we have created a standard that formalises our approach to interacting with indigenous peoples.

Under the Standard for Engagement with Indigenous Peoples, we seek to ensure respect for human rights and the dignity, culture, customs, and resource-based livelihoods of indigenous peoples. As part of the company's activities, we endeavour to assess and prevent any negative impacts from our facilities on indigenous communities. We also strive to maintain stable relationships with these communities throughout the life cycle of our facilities and to minimise or offset any damage from negative impacts.

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



STRENGTHENING DIVERSITY

We make every effort to create and maintain an environment that respects and values the diversity of employees and communities in regions where we operate. These activities are regulated by the corporate HR Policy and Human Rights Policy.

The company does not tolerate discrimination on any grounds, including gender, age, race, nationality, religion, sexual orientation or physical disabilities – and we do our utmost to prevent bullying and harassment in the workplace. Polyus also respects the right of all employees to be given appropriate rest periods and never violates legislative requirements related to working hours.

When developing our recruitment and retention practices, we uphold our commitment to boosting diversity within our workforce. Polyus complies with all legal requirements related to employing people with disabilities and works closely with universities, colleges, and local communities to engage more women and local and indigenous people.

Polyus strives to ensure gender diversity of its employees. In 2019 we launched the 'Women Leaders of Polyus' communication campaign, which recognises and promotes the professional accomplishments of our female colleagues. Stories and interviews are posted on various corporate media, including the Polyus website.

We respect human rights and monitor cases related to a lack of respect for human rights in our business units, in compliance with the Human Rights Policy mentioned above. If we identify any instances of failing to respect human and labour rights, we investigate the event and apply appropriate measures. In 2019, 215 enquiries on human and labour rights issues were received through the corporate hotline (for more information see Anti-corruption compliance, page 38). All the enquiries were carefully analysed, and the necessary measures were taken. The statistics on this matter are overseen annually by the company's Board of Directors.

An online training specifically devoted to human rights issues was developed in 2019 – and is planned to be implemented in 2020

¹ ICMM. Human rights.

ETHICS AND HUMAN RIGHTS CONTINUED

ANTI-CORRUPTION COMPLIANCE

Our approach to managing ethics-related issues is based on a policy of zero tolerance towards corruption and a strong conviction that no violation should be left unnoticed or not investigated.

Polyus is committed to combating corruption and complying with all applicable legal requirements. To ensure this, we focus on creating an effective anti-corruption system and adhering to high ethical standards.

Our Anti-corruption Policy is based on Russian and international regulations related to anti-corruption and business ethics. The policy reflects the company's risk-orientated approach and establishes ten anti-corruption principles:

GRI 102-25 · GRI 205-2

To support the continuous improvement of our anti-corruption system, the Policy is regularly reviewed and updated. In 2019, in addition to complementing the Policy with new control procedures, we also focused on elaborating further the 'Conflicts of interest' section.

The Anti-corruption Policy applies to all Polyus employees, as well as entities associated with the company and its activities, including contractors, suppliers and consultants.

Each employee is made aware of the Anti-corruption Policy's principles and requirements when they join. An educational course has been developed to maintain the high level of employee competence in this area and foster improvement of the anti-corruption system.

Polyus takes a zero-tolerance approach towards corruption at all levels. All employees, irrespective of the position they hold, are obliged to comply with corporate and legislative anti-corruption requirements.

The managers of security divisions work in all the company's business units to ensure that policies and procedures are working effectively and to supervise their execution. The anti-corruption compliance function is also performed by all employees in their daily work routines. Every employee is responsible for promptly informing their compliance manager about any violations that come to their attention.

Top management are directly involved in implementing all anti-corruption initiatives and strategies. Important anti-corruption issues are included in the agendas of the Audit Committee and Board on a regular basis.

In 2019, we made significant changes in the organisational structure of anti-corruption activities. An Anti-corruption office was set up in the Managing company, along with anti-corruption departments in the company's business units.

GRI 205-1 · GRI 205-2

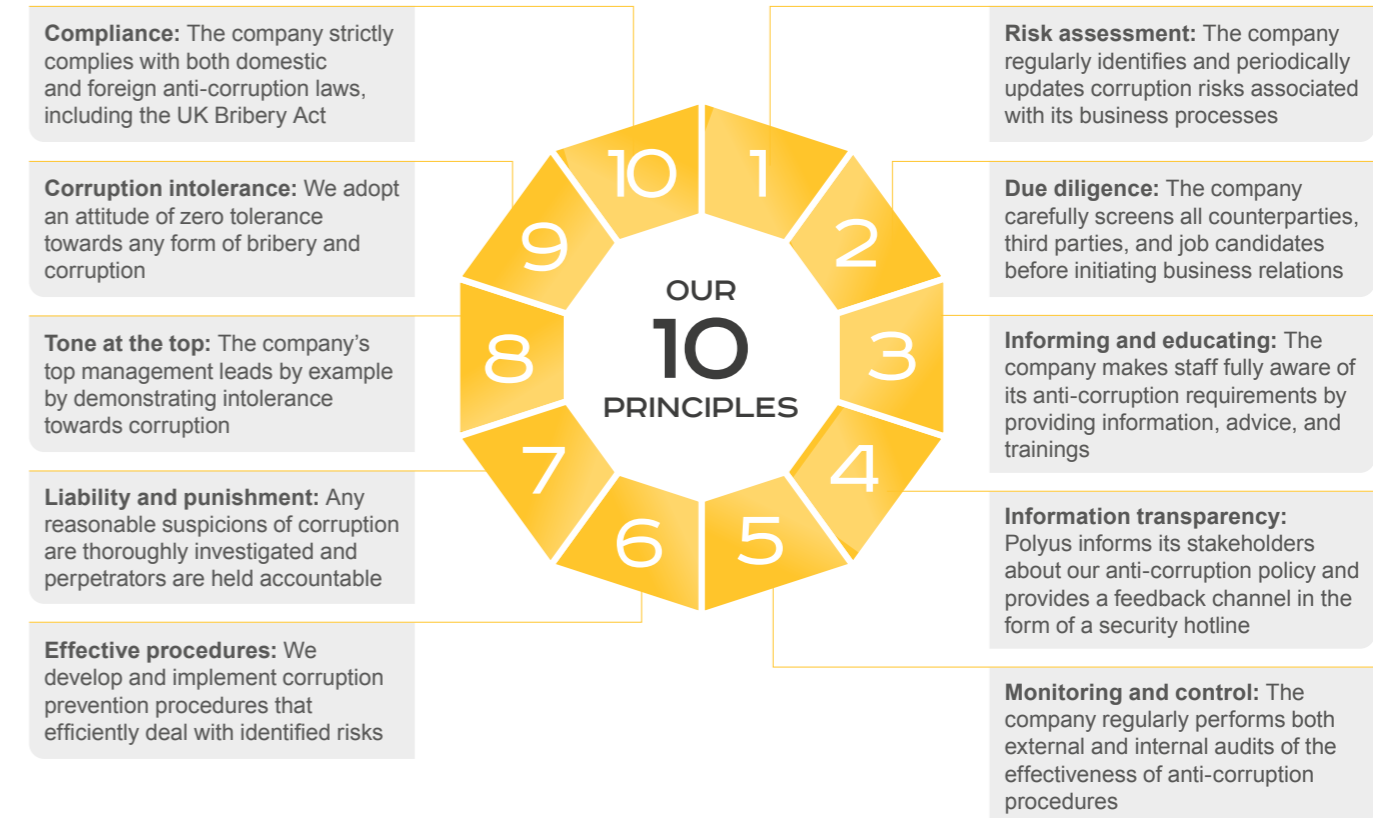
During the year we focused on enhancing the level of detail of the corruption risk assessment process in relation to high-risk activities and operations. Control procedures for such operations were expressly developed and included in the Anti-Corruption policy.

In 2019, 5,546 employees at the Managing company and business units (90% of the target audience) completed the online course on anti-corruption.

GRI 205-3

In the reporting year no cases of confirmed incidents in which employees were dismissed or disciplined for corruption took place in the company. There were no cases when contracts with business partners were terminated or not renewed due to violations related to corruption.

POLYUS ANTI-CORRUPTION PRINCIPLES



ETHICS AND HUMAN RIGHTS CONTINUED

GRI 102-17

CASE STUDY

WHISTLEBLOWING HOTLINE

Polyus has a hotline communication channel, which operates in all the company's business units and subsidiaries. This is an effective and popular tool for internal and external stakeholders alike. The hotline's main aim is to identify, prevent, and minimise corruption risks, as well as prevent reputational and economic damage to the company's interests and assets. Another objective is to receive and analyse concerns from stakeholders on human rights and business ethics-related issues.

We ensure that the hotline is easily accessible. Messages can be submitted via a mailbox (confidential mailboxes are installed at business units, support services, and the Managing company), an electronic mailbox (hotline@polyus.com), a free-of-charge hotline number or in person. When using the phone number the applicant is directed to the following options, to best cater for their type of concern: 1 – corruption issues and 2 – ethical issues. In addition to existing methods of communication, an online service to handle messages is planned for 2020.

We try to ensure that all stakeholders are aware of the hotline system. Hotline-related data are published regularly in internal newspapers and placed at information desks. The company also distributes literature to employees on how to use the hotline. From 2020, hotline-related information will also be distributed through an internal video channel.

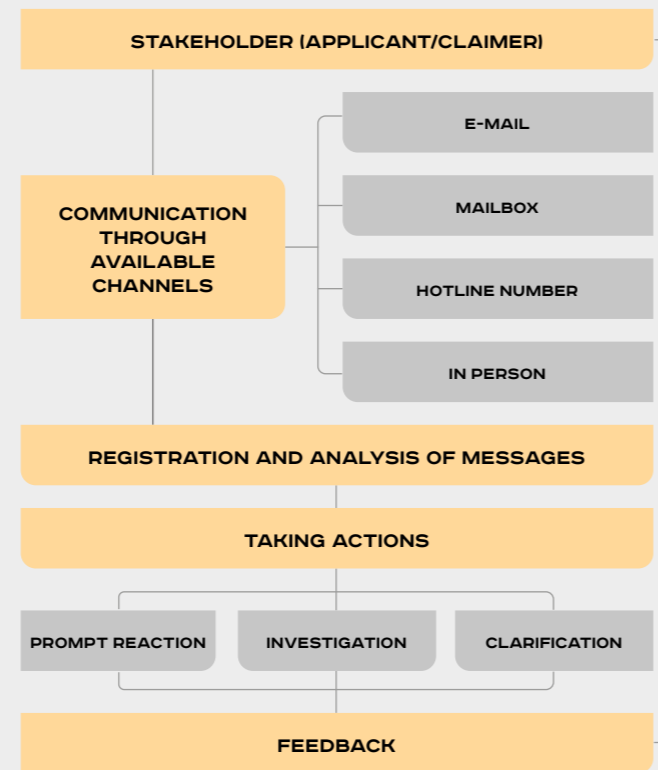
The messages can be submitted anonymously. The company promotes an anti-blame policy in relation to the internal security hotline in terms of any violations of anti-corruption laws or business ethics. The company ensures that the identity of an individual submitting a report remains confidential. This approach is enshrined in both the Anti-corruption Policy and the Code of Corporate Ethics – and is also promoted through anti-corruption and hotline-related posters.

Polyus carefully analyses each message before taking any action – and seeks to ensure that those who raise concerns get appropriate feedback. The approach to processing submitted messages is formalised in the Provision on the Security Hotline Communication System Organisation and Operation. Responsible employees aggregate and examine statistics on received messages and present the results of their analysis on a quarterly basis. If a message relates to ethical conduct, employment relationships or wages, it is forwarded to the HR Department.

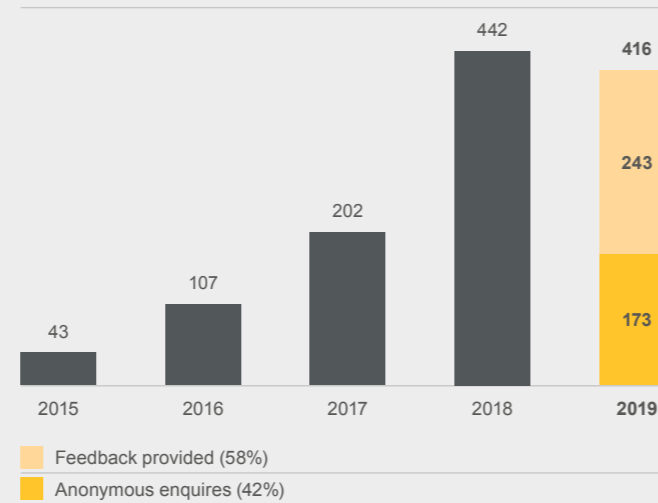
The 2019 Employee Engagement Study results showed that our internal stakeholders regard the hotline as a reliable communication tool. Responses to the study's hotline-related questions showed that overall, employees trust the tool and are willing to use it when they are concerned about an issue.

The company carefully assessed each case related to ethical conduct and social issues and instigated an investigation if a violation was confirmed. All necessary and appropriate actions were taken concerning the confirmed cases of misconduct and violations.

HOTLINE WORKING PROCESS



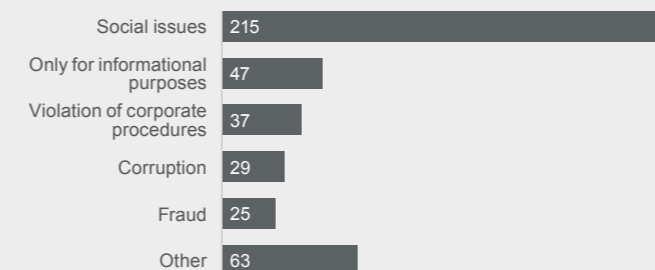
NUMBER OF ENQUIRIES



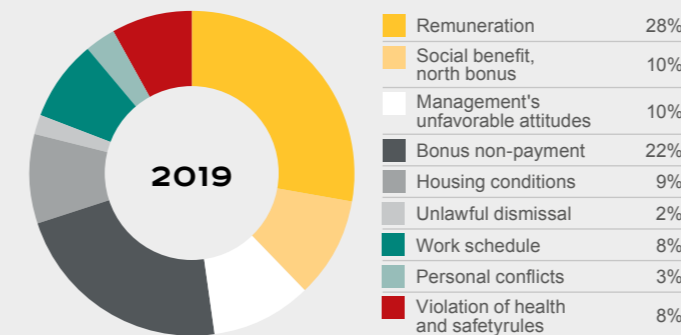
GRI 205-3

In 2019, few cases related to corruption were submitted in the company. There were no corruption-related lawsuits brought against the company or its employees.

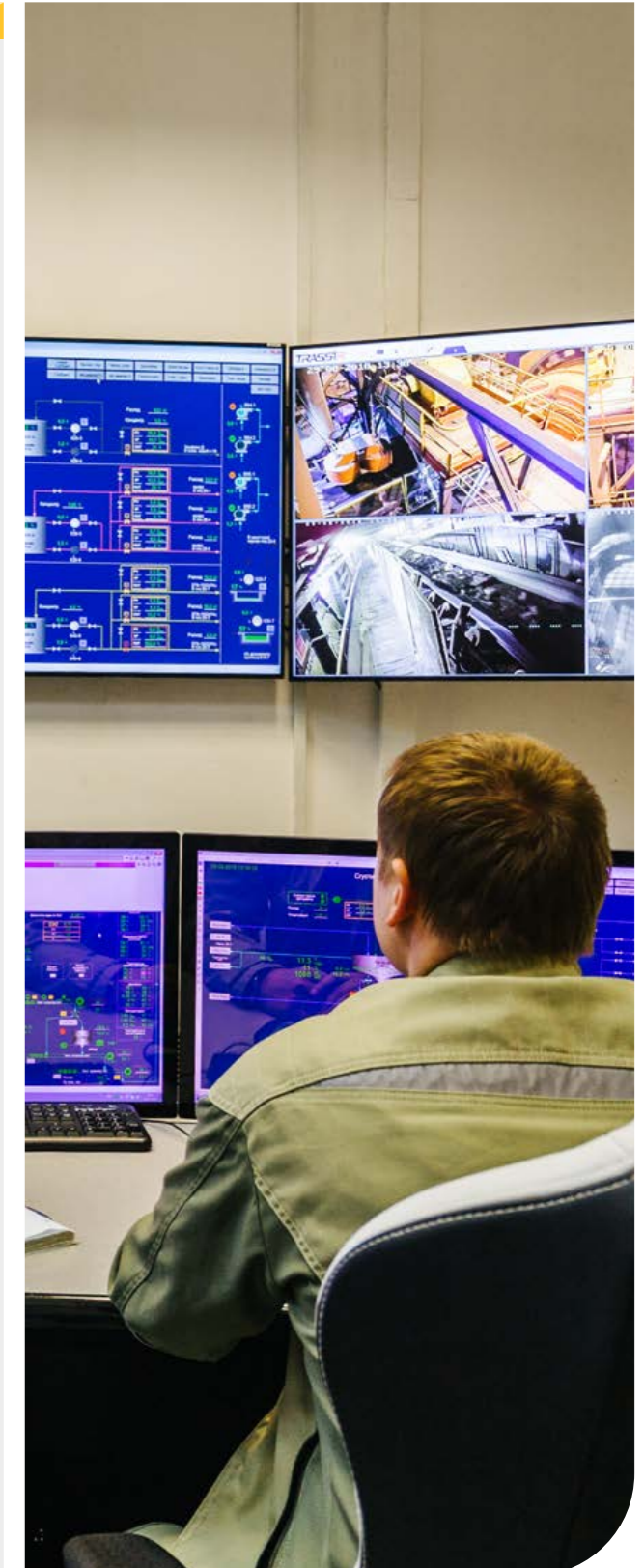
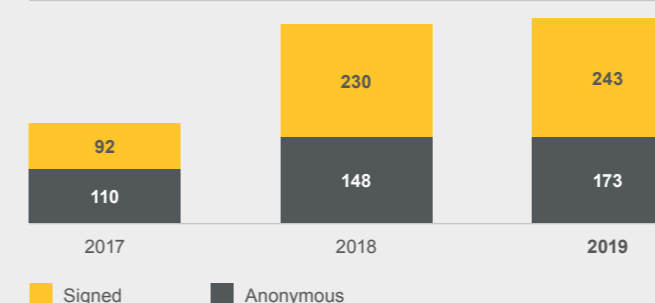
CATEGORIES OF ALL HOTLINE INQUIRIES



CATEGORIES OF ENQUIRIES ON SOCIAL ISSUES



ANONYMITY OF MESSAGES



ETHICS AND HUMAN RIGHTS CONTINUED

TRANSPARENCY AND DISCLOSURE

Openness and trust are essential elements in successful communication, especially when it comes to business cooperation. We recognise the importance of transparency in facilitating effective engagement with our stakeholders, and we continuously strive to conform to the highest transparency standards.

As an ICMM member, Polyus is committed to the transparent disclosure of mineral revenues in our sustainability report and on the company's website (for details see www.polyus.com/en/investors/disclosure/) and supports the Extractive Industries Transparency Initiative (EITI) (www.eiti.org/supporter/polyus).

The EITI is a coalition of governments, companies, civil society groups, institutional and international investors. It seeks to improve and bolster governance and establish a global standard for monitoring and reconciling tax revenues paid by oil, gas, and mining companies. The ICMM supports the EITI and EITI Principles (established in 2003) (www.eiti.org/standard/principles).

As an EITI-supporting company, Polyus discloses all material information related to payments and taxes to the government. The company engages in rigorous procurement procedures and ensures that its processes provide the necessary level of information to deliver high standards of accountability.

Our operations generate direct economic value and we distribute the wealth we create among our main stakeholders: suppliers and contractors, employees, shareholders, government authorities and local communities. Doing this enables us to make positive impacts across our sustainability focus areas.

The share of generated economic wealth that is not distributed among stakeholders – that is, retained economic value – stays in the company to be reinvested in further developing the business. In 2019, the economic value generated by Polyus rose by approximately 38%, from \$2,941 million in 2018 to \$4,057 million in 2019.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED BY POLYUS, \$ MILLION

GRI 201-1

Item	Stakeholder	2019	2018	2017	2016
Direct economic value generated		4,057	2,941	2,763	2,498
Revenue from gold sales	Wide range of stakeholders	3,965	2,876	2,684	2,429
Revenue from other sales		40	39	37	29
Revenue from financial investments		48	26	28	40
Revenue from sales of assets		4	–	14	0
Economic value distributed		(2,735)	(1,999)	(2,202)	(1,530)
Operating expenses	Suppliers and contractors	(658)	(383)	(450)	(445)
Wages and other payments to employees	Employees	(525)	(433)	(407)	(332)
Payments to providers of capital	Shareholders and creditors	(935)	(845)	(903)	(296)
<i>payments to shareholders</i>		(641)	(578)	(586)	(15)
<i>payments to creditors</i>		(294)	(267)	(317)	(281)
Payments to the state	Government	(571)	(306)	(401)	(443)
<i>including income tax expense</i>		(359)	(127)	(242)	(297)
Community investments	Local communities	(46)	(32)	(41)	(14)
Economic value retained		1,322	942	561	968

PLANS FOR 2020 AND THE MEDIUM TERM

Polyus works continuously to improve its practices to ensure responsible business conduct. In the next reporting period – and in the medium term – we plan to introduce the following initiatives:

- Launching a new way to submit a concern: an online communication service.
- Automating information collection processes vis-à-vis concerns and providing feedback.
- Developing and implementing human rights risk assessment procedures (medium-term).
- Supplementing information on the Corporate Ethics Code on the corporate website with case studies.
- Information campaign about the Corporate Ethics Code and Polyus' corporate values.
- Launching an internal video information channel.
- Compulsory training for ethics coordinators at least twice a year.
- Elaborating a new version of the remote training course, focusing on Corporate Ethics Code requirements for workers.
- Updating the Human Rights Policy.





HUMAN CAPITAL

PERFORMANCE AGAINST GOALS

Goal	Status	Summary of progress in 2019
Development of leadership potential	On track	<ul style="list-style-type: none"> Established basic design of the Operational model. Launched foundation of the Production System training programme.
Create a world-class team	On track	<ul style="list-style-type: none"> Mentoring Programme methodology transferred to business units.
Increase in labour productivity	On track	<ul style="list-style-type: none"> Created a 'tree of objectives' with operational KPIs for all employees.
Increase staff stability	On track	<ul style="list-style-type: none"> Established five-year plan to develop social infrastructure and living conditions. Developed Universities and Colleges Collaboration Concept.
Improve quality of HR services	On track	<ul style="list-style-type: none"> Multi-functional centre (MFC) working in full operational mode. Automation of main HR business processes completed, including administration, KPIs, training, recruitment, budgeting and business travel.

OF EMPLOYEES RECEIVED TRAINING

93%

AVERAGE HEADCOUNT OF EMPLOYEES

19,674

EMPLOYEE ENGAGEMENT INDEX

67.4

OUR EMPLOYEES ARE THE FOUNDATION OF OUR SUCCESS

Employees are Polyus' key asset: our operating and production performances are directly influenced by our employees' level of professionalism, qualifications and social and physical wellbeing. We strive to create an effective personnel management system that provides favourable working conditions, guarantees social security and safeguards employees' rights – in line with the principles of equality and non-discrimination.

GLOBAL SUSTAINABLE DEVELOPMENT GOALS

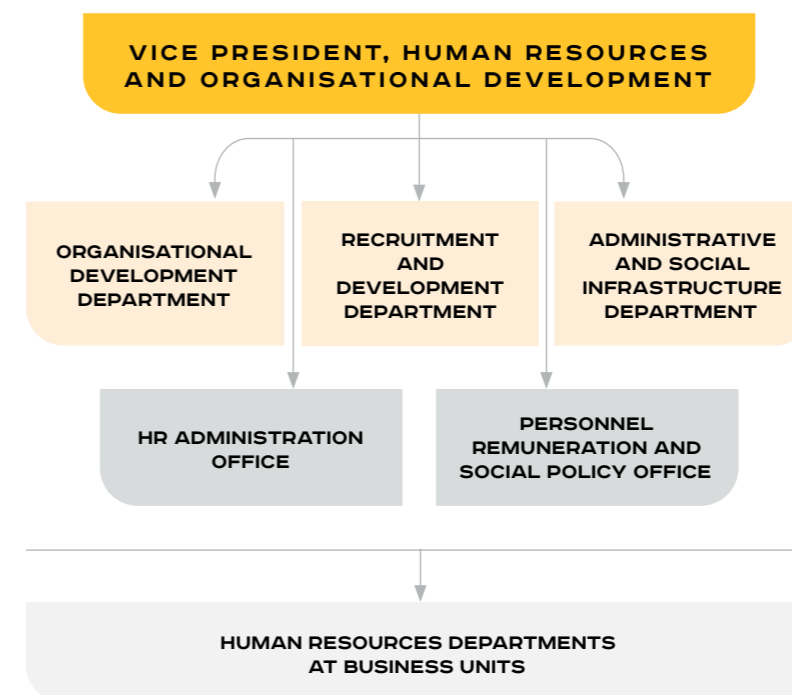


ICMM SUSTAINABILITY PRINCIPLES



¹ ICMM. Human rights.
² ICMM. Decision-making.

ALLOCATION OF RESPONSIBILITIES



DOCUMENT FRAMEWORK

Internal

- The Human resources policy
- The Corporate Ethics Code
- The Human Rights Policy
- The Regulation for the Incentive and Remuneration Provision for employees
- The Regulation on Guarantees, Compensation, and Benefits for Employees
- The Regulation on Mentoring
- The Regulation on the Adaptation of Personnel in the Managing company
- Regulations on organising training by request
- Gold reserve regulations

External

- The Russian Labour Code
- Other applicable national and local labour regulations

HUMAN CAPITAL CONTINUED

MANAGEMENT APPROACH

GRI 103

Polyus' human resource (HR) management system focuses on recruiting and retaining the best and brightest people. It aims to constantly improve their qualifications and knowledge, so as to deliver added value to the company. To retain top talent, Polyus provides an attractive financial and non-financial incentives system, favourable working and social conditions and good career opportunities.

In 2019 we established the Personnel Management System Strategy for 2019–2021, creating a framework to further transform and improve the system. The document sets out clear goals and tasks to develop the company's personnel management system – and identifies specific corporate and business unit projects.

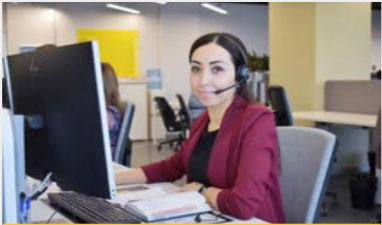
Polyus is continually improving its HR management processes and has implemented several best international practices in this field. In 2019 we introduced a new institute of HR business partners. These work directly with our senior management and HR departments at Managing company and business unit levels to ensure that the HR strategy aligns with our overall business strategy. HR business partners were selected from experienced human resource professionals working in the company and underwent special training.

Since 2017 Polyus has been working on developing a Multi-functional Centre (MFC). The MFC's aim is to centralise non-production support functions, including accounting, taxation, IT, administrative support and some HR-related functions. In 2019 the MFC was in full operational mode and 2020 will see the start of the MFC 2.0 project. This will continue transferring additional centralised HR training and recruitment services, along with other company processes to this business unit.

In 2019, the automation of main HR business process was completed, including administration, KPIs, training, recruitment, budgeting and business travel.

CASE STUDY

MULTI-FUNCTIONAL CENTRE IN ACTION




20 FRONT OFFICES

50 DIFFERENT SERVICES AT EVERY FRONT OFFICE

4.8/5 CUSTOMER SATISFACTION LEVEL

- ONLINE SERVICES VIA CALL CENTRE, CORPORATE WEB PORTAL AND SMS COMMUNICATOR
- BETWEEN ONE AND FIVE MINUTES FOR REQUEST RESOLUTION



AWARD

POLYUS WAS A LEADING EMPLOYER IN RUSSIA IN 2019

According to the Forbes ranking of best employers in Russia in 2019, Polyus ranked second among the top-50 domestic companies. Polyus was also recognised as being the best employer among gold mining enterprises.

The company received 60.8 rating points based on various criteria, including employee salaries, social benefits, working conditions, training opportunities and environmental responsibility.

The ranking was conducted for 150 companies with the highest number of vacancy queries.

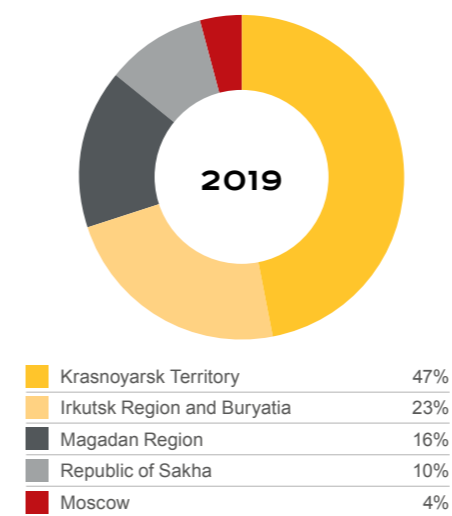


WORKFORCE COMPOSITION AND ENGAGEMENT

GRI 102-8

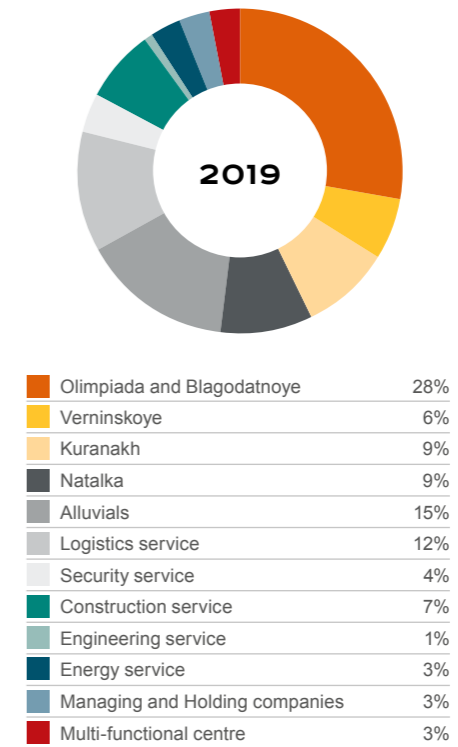
In 2019 the company's average headcount was 19,674¹. Almost 50% of employees worked in the Krasnoyarsk Region, where our largest gold production assets are located. The smallest portion of personnel (4%) are located in Moscow, where the Managing company is based.

EMPLOYEES BY REGION



Among our business units and support services, the largest number of employees has traditionally been at Olimpiada and Blagodatnoye (28%), and the smallest number at our Engineering service (1%).

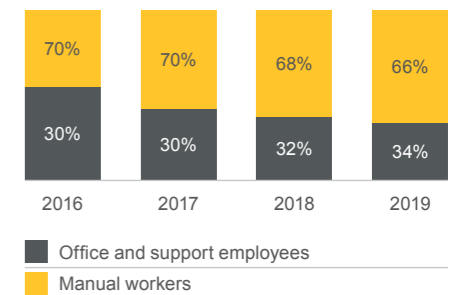
EMPLOYEES BY ASSETS



Nearly all our employees work full time (99.6%), with 91% on permanent contracts. The exception is the Construction service, where a significant proportion of employees (69%) work under temporary contracts. This is due to the variable nature of demand for personnel on large construction projects.

The ratio of manual workers to office and support employees changed little in 2019. Workers engaged in production still comprise the largest proportion (66%) of company personnel.

WORKFORCE BY EMPLOYEE CATEGORY



CASE STUDY

WE ARE POLYUS

Even with such a large workforce, at Polyus, we always see people as individuals – and professionals. At every corporate event – and across our corporate media – we focus on our greatest asset: our people. Over many years, 'Polyus News' has celebrated the achievements of our colleagues, telling their stories and highlighting the important contributions they have made to our operations and development.

Светлана Зырянова — начальник Куранахской ЗИФ и единственная во всех БЕ «Полуса» женщина во главе такого сложного производственного объекта. Какое это — быть «хозяйкой» фабрики, она рассказала нашему корреспонденту.

Эмоции в сторону
— Светлана Станиславовна, если женщины и примеряют на себя роль руководителей, то, как правило, это деловой костюм и кабинет в офисе или центре... Вы же курной ЗИФ. Насколько комфортно вам руководить производством?
— Я совсем не кабинетный руководитель. В шахтах работаю лишь много времени. Как проведутся работы по техперезоружению, как идет процесс, чем люди дышат — все это важно. И в специалке мне очень комфортно, коллеги там привыкли меня ежедневно видеть в ней, что, если появляюсь в управлении в обычной одежде, порой даже не узнают.

— Находите ли вы время для себя и своих близких?
— Да, увы, мне близкие видят меня реже, чем того хотелось бы. Особенно в первое время после того, как я стала руководителем, думаю, им было тяжело. Рабочий день у меня довольно длительный. Приезжаю на фабрику в семь утра, уезжаю, бываю, и в девять, и в десять вечера. Но дети у меня уже взрослые, самостоятельные, и я рада, что они меня понимают и поддерживают. Сын вот тоже пошел по металлургической стезе, учится на горного инженера по открытым горным работам. Видно, что во в моей увлеченности профессией заложены все души.

— Как вы на работе или иначе находите сплоченность с командой. Речь идет о том, чтобы достигать, как команда, больше, чем любому сотруднику.
— Все мы на работе так или иначе находим сплоченность с командой. Речь идет о том, чтобы достигать, как команда, больше, чем любому сотруднику.

ЛЮБОВЬ СО ШКОЛЬНОЙ СНАМЬЮ
Светлана стала подражать на Куранахской ЗИФ (за тонкой — в производственной лаборатории при фабрике), выучась в школе, после получения аттестата ее в числе других выпускников «Алданкопел» направило в Санкт-Петербургский горный университет. Она освоила специальность «инженер-металлург» и после окончания вуза вернулась на родную ЗИФ.

Оборудования в переделах, мы ее выкрасили — словом, модернизировали. В прошлом году Куранахская ЗИФ обработала с результатом 5,195 млн тонн переработки руды, дала 3644 кг золота. В 2019-м планируем «увалить» ее до переработки 5,8 млн тонн руды в год. И думаем, это не предел для нас. Так что можно сказать, она в самом расцвете сил.

Модернизация non-stop
— Фабрика сейчас переживает крупную модернизацию и в этой истории реконструкции. При этом она производится фактически без остановки производства.
— Мало того, что мы проводим мероприятия по модернизации без остановки, мы наращиваем производительность как по переработке, так и по выплавке золота. Если взглянуть на часы работы в 2017–2018 годах, когда начался первый этап техперезоружения, можно увидеть, что не было приостановки или тишины в тот момент, чтобы мы могли поговорить на одном месте. Было увеличение и по выплавке, и по переработке. И постепенно мы эти показатели продолжаем наращивать.



Фактически будет работать параллельно друг другу три отдельных линии по 6 плачунок.
Сейчас по цеху в том же техперезоружении строится новая высокопроизводительная линия. В апреле планируем его запуск. Это означает, мы впервые будем работать на таком оборудовании. Он заменит как минимум 3 существующих устройства (но так же мощность фабрики будет наращиваться, увеличивая суточные тонны (сут) выплавки). В чем выгода от новой установки? Ее диаметр — всего 24 метра (наши старые устройства в 2 раза шире). Высота производительности вновь установленной линии будет обеспечиваться за счет установки клапанов, что в разы увеличивает площадь осыпания.

¹ These indicators do not include part-time workers, as their share in the total number of employees is insignificant (113 people).

HUMAN CAPITAL CONTINUED

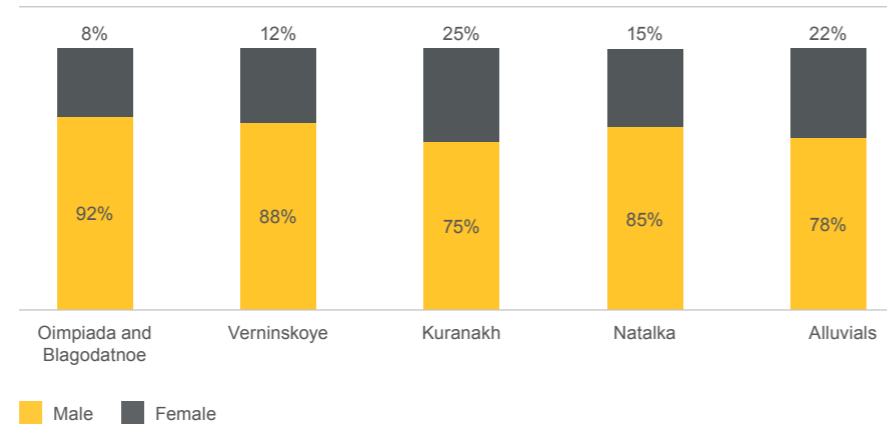
The gender composition of the company in general reflects the specifics of the mining industry, where men make up the greatest proportion of the workforce. There are several reasons for this. The domestic labour market has a very low number of women in industry-related professions, partly due to legal reasons. Polyus complies with Russian labour regulations, which limit the extent to which women can work in positions with potentially harmful or dangerous working conditions. Nevertheless Polyus works hard to ensure that the company has a diverse and highly professional workforce.

In 2019, men made up 84% of the Polyus workforce. Across all assets, the highest proportion of women is found in the MFC (56%), and the lowest in the security service (3%).

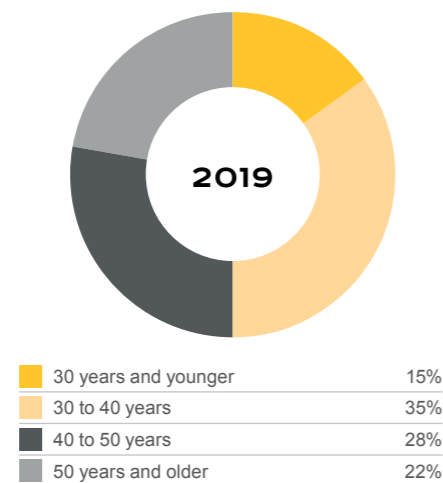
Females hold 15% of our management positions, which reflects the overall gender composition of the company's workforce. In 2019, females represented 7% of management positions in revenue-generating functions Company-wide, with the highest representation of women in Energy and Engineering services (18% and 19% respectively).

The company recruits and retains employees without discriminating by age. In 2019, 15% of our workforce was under 30, while employees in the 40-50 age group comprised 28% of personnel. Employees aged 50 and over made up 22% of the workforce. The largest proportion of manual workers was in the 30-40 age category.

EMPLOYEES BY GENDER BY BUSINESS UNITS



EMPLOYEES BY AGE



Polyus complies with all legal requirements related to the employment of people with disabilities. The company also provides retraining opportunities and offers transfers to support functions for workers who have suffered a workplace injury. In 2019 the company employed 20 people with disabilities, 55% of whom were based at the Energy service.

GRI 401-1

The company pays close attention to employee turnover and implements various measures to reduce it. In 2019 the employee turnover rate stood at 23.1%, while the voluntary employee turnover rate was 20.6 %¹.

ATTRACTING TALENT

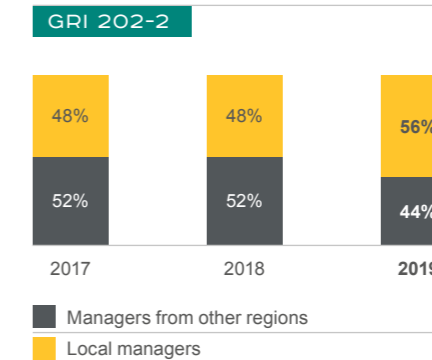
Polyus is continuously improving its recruitment and staff retention procedures. In 2019 we updated the Recruitment Regulations. We also audited the recruitment process and developed a set of measures to boost its efficiency. In 2019 we automated the recruiting process across all our assets, using the SAP Success Factors system.

With a view to ensuring a smooth integration of new personnel, we developed and implemented the Guidelines for Workforce Adaptation Process at all business units. These assess various locations and types of personnel, and were first piloted at the Managing company. During the second phase, based on the results of testing, the guidelines were developed and approved for implementation across the company. In 2020 a new workforce adaptation programme will be implemented across all business units.

In total, 4,832 new employees were hired in 2019. The largest share (19%) of these was at the Olimpiada and Blagodatnoye mines. The average hiring cost amounted to \$79 per new hired employee.

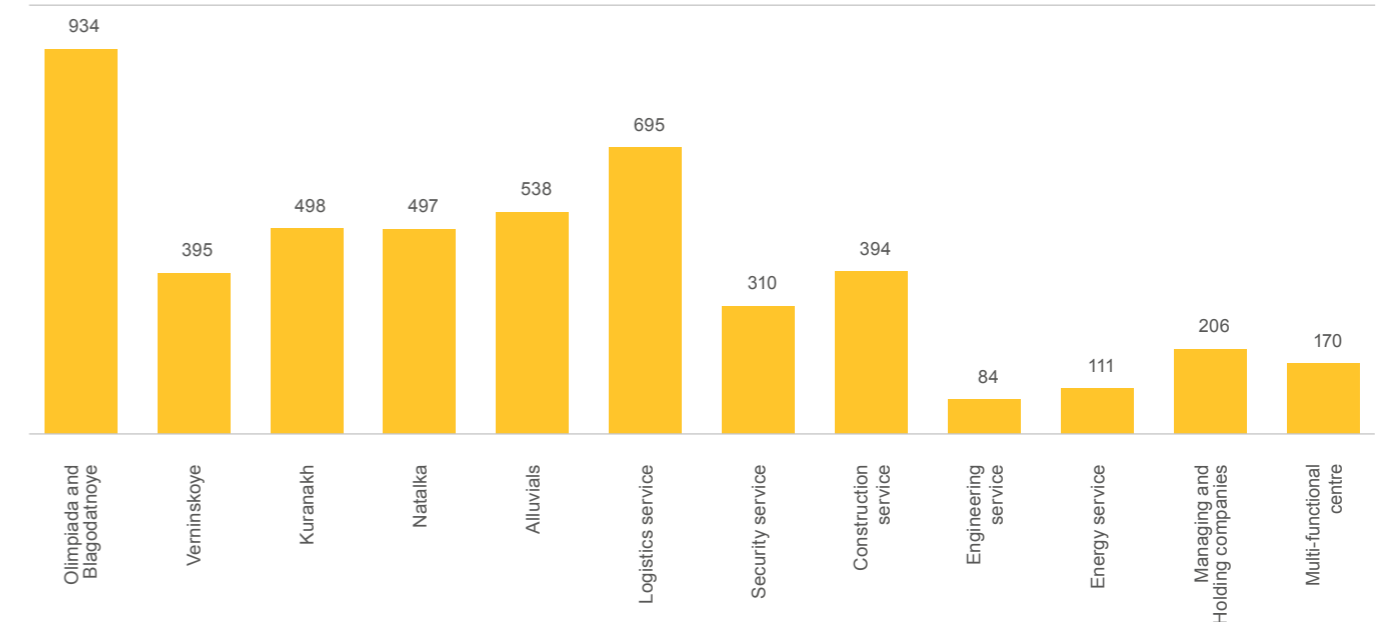
Polyus' assets are located in remote regions – and the company prioritises the recruitment of local staff, including management. As an industry leader, we set above-average job requirements, so if local candidates do not have the required skills and experience, we consider candidates from other regions. In 2019, the proportion of managers recruited locally was 56%.

PERCENTAGE OF MANAGEMENT RECRUITED LOCALLY



The company conducts analysis of labour issues risks when planning new projects. Expansion and construction of mills at Blagodatnoye and Verninskoye, new projects at Chertovo Koryto and Sukhoi Log are all accompanied with required analysis and planning of workforce and social infrastructure needed. Polyus works in close cooperation with local authorities, educational institutions, recruiting services to manage current and future workforce demand.

EMPLOYEES HIRED IN 2019²



¹ Employee turnover includes employees that leave the organisation voluntarily or due to dismissal, retirement or death. The employee turnover rate was calculated as employee turnover divided by average headcount. It should be noted that at some assets our main production activity involves seasonal work, which adds to the level of employee turnover. Employee turnover doesn't include employees that were dismissed by agreement of the parties and those who were dismissed after completion of their internship.

² In 2019 Alluvials has changed a methodology for counting new hired employees. Presented figure represents only workers who was hired for the first time and doesn't count those who was hired repeatedly on short-term contracts. The number of all employees hired including new ones and repeatedly hired totaled 2,447 people in 2019.

HUMAN CAPITAL CONTINUED

PROVIDING OPPORTUNITIES FOR YOUNG PROFESSIONALS

Polyus places a special emphasis on recruiting young people and contributing to improving the quality of their education. As part of our long-term collaboration with educational institutions, we conduct a programme for graduates from high-profile universities, with business units offering internships to students with a view to pursuing career opportunities at Polyus. Our partners include Irkutsk National Research Technical University, Siberian Federal University, and North-East State University.

In 2019 the company began implementing a systematic approach to enhance collaboration with educational institutions. We researched the best cooperation practices between universities and enterprises and – based on the results of the study – we developed the Universities and Colleges Collaboration Concept. This identifies ‘anchor’ universities and colleges to work with, methods of collaboration and internship activities. The next step is to develop and implement the Universities and Colleges Collaboration Programme across all our business units.

We also plan to initiate targeted training programmes to prepare qualified personnel for our research and development assets. As part of these programmes, students will receive special training at universities, based on the Polyus’ requirements. Young talent will receive enhanced scholarships during these programmes and complete internships at the company. As they near graduation, students will be taken on by Polyus and submit a thesis related to the company’s business needs.

CASE STUDY

WE KNOW THE VALUE OF GOLD!

For over a decade, Polyus has successfully run its ‘We know the value of gold!’ programme. Its purpose is to attract and identify students for future careers in Polyus – and also benefits young engineers and technicians in the company.

138 students from different universities and technical colleges completed production internships in Olimpiada in 2019.



POLYUS CLASS PROGRAMME

Another of our ongoing initiatives is the Polyus Class training programme for high school students. 17 schools participate in this programme in Krasnoyarsk. School students undertake an in-depth training programme that prepares them for colleges and universities – and careers in the mining industry.



NEW CLASSROOMS FOR STUDENTS

Polyus renovated and equipped a new classroom at the Polytechnic Institute of the North-East State University. The company provided new presentation equipment and study aids for students, including a demonstration of gold mining and gold enrichment technological processes and a model of a gold extraction plant.



MOTIVATION

A good level of remuneration is the main incentive for employees to work productively and efficiently.

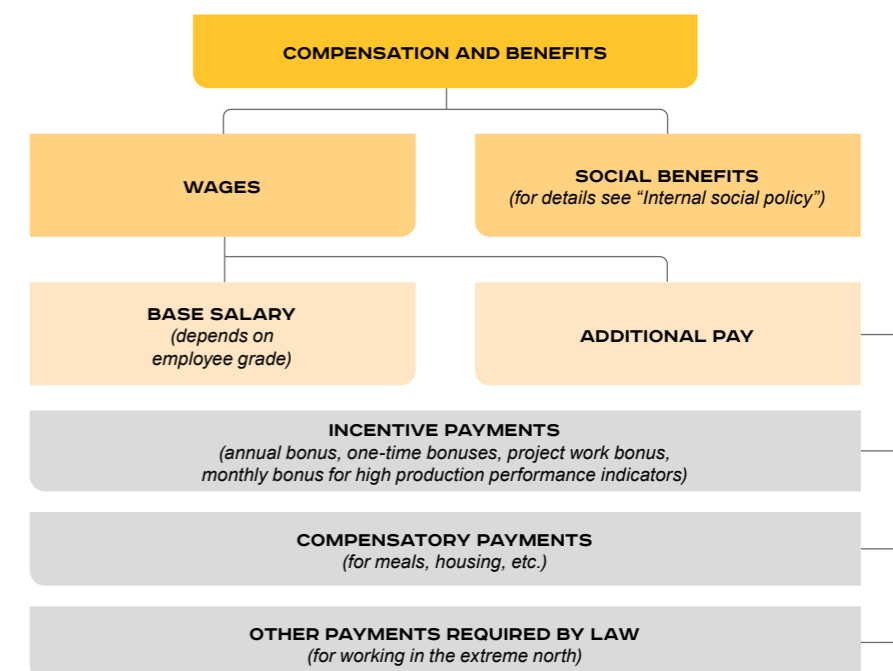
The **Incentive and remuneration provision for employees** is Polyus’ primary document formalising the components of employee compensation and benefit packages: base salary and additional pay. The base salary level depends on an employee’s grade (the company uses a grading system).

In addition to the base element, remuneration comprises additional pay, including incentive payments (depending on the attainment of KPIs).

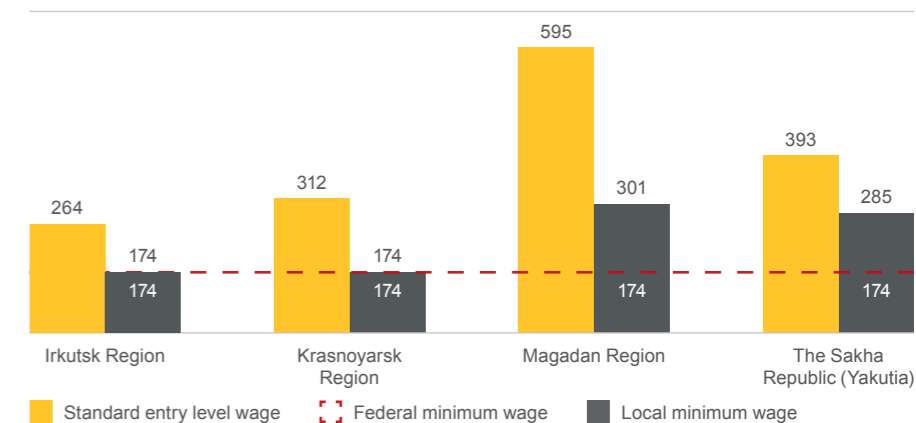
As part of our ongoing work to develop our remuneration system, we introduced improvements to the management of our KPI system. We created a ‘tree of objectives’ at all our business units, with operational KPIs for all employees – from the CEO to manual workers. The scheme already allows the individual KPIs of every role to be seen. Also applying management by objectives technique KPIs relate to the company’s functional and operational strategic aims and are translated into personal goals. Over time, employee KPIs have become more transparent and measurable and KPI processes themselves have become more automated.

Retaining and engaging skilled employees plays an important role in maintaining and improving the overall performance of the company. Polyus aims to pay wages that are in line with – or above – the market average. Entry-level wages at the company are higher than local minimum wages; for example, in 2019 the entry-level wage at Nataka was \$595 per month, almost double the average regional minimum wage.

THE POLYUS COMPENSATION AND BENEFITS PACKAGE



STANDARD ENTRY-LEVEL WAGE AT POLYUS VS LOCAL MINIMUM WAGE BY BUSINESS UNITS (MONTHLY), \$



CASE STUDY

DRIVING ENGAGEMENT



Polyus runs several initiatives aimed at engaging its people and boosting their creativeness and performance. In return, the company recognises employees for their contributions and achievements.

In May 2019, we organised a visit to Japan for seven winners of the 2018 corporate-wide professional skills championship. The winners visited Komatsu plant and

technological centre and were introduced to Japanese culture.

We also recognise employees for suggesting improvements to our operations. As part of the Polyus production system initiative we organised a lottery among participants of the improvement suggestions contest, with a Grand Prize of a crossover vehicle.

HUMAN CAPITAL CONTINUED

INTERNAL SOCIAL POLICY

Polyus aims to provide social security and comfortable working conditions for its employees. As well as a base salary and bonuses, we offer a range of social benefits, including paid maternity/paternity leave (in addition to statutory allowances), life and accidental death insurance and voluntary health insurance. We also monitor the health and quality of life of our workers and their families, providing assistance in challenging life situations.

The Regulation on guarantees, compensation, and benefits provided to employees is implemented in both the Managing company and business units. The social support stipulated in the regulation is aimed at boosting labour efficiency and provides for a higher level of guarantees and privileges than that established by law.

POLYUS SOCIAL SUPPORT SYSTEM

CARE FOR WORKERS AND THEIR FAMILIES

- Voluntary life and health medical insurance
- Additional vacation
- Meals and transport compensation
- Access to sports clubs

SUPPORT FOR FAMILIES WITH CHILDREN

- Monetary assistance during marriage/the birth of a child

EMPLOYEE SUPPORT IN CHALLENGING LIFE SITUATIONS

- Financial assistance in case of unanticipated events, the death of an employee or their relative

EMPLOYMENT BENEFITS

- Corporate mobile communications
- Company vehicles

RELOCATION PACKAGES

RETIRED EMPLOYEE SUPPORT

SOCIAL AND LIVING CONDITIONS AND INFRASTRUCTURE

The bulk of Polyus' operations are located in regions with extreme climatic conditions, which necessitate work on a rotational basis. It is therefore important that employees are provided with comfortable living and working conditions.

Our integrated approach creates long-term plans to develop essential social infrastructure. In 2019 the company established a development roadmap for social infrastructure and living conditions. This five-year plan assesses each facility, identifying work to be completed, repairs and procurement needs.

The company completed all planned construction and repair of social facilities in 2019.

CASE STUDY

NEW ACCOMMODATION FOR POLYUS EMPLOYEES IN NIZHNY KURANAKH

Polyus built a two-story accommodation block at Nizhny Kuranakh (Yakutia). The building is 1,500 sqm in area and can accommodate up to 100 people.

The accommodation is protected against severe weather conditions, and incorporates a number of integral 'smart' features, including automated heating controls and lighting systems.

The dormitory-style layout of the block accommodates employees in 12-13 sqm double rooms. Each pair of rooms shares a hall and bathroom, including a shower. In addition, each floor has dining facilities and a leisure area.



TRAINING AND DEVELOPMENT

Today's mining industry is technically advanced, requiring a skilled and well-trained workforce. The global demand for professionals creates challenges for many companies, including Polyus. We successfully manage challenges related to market shortages of skilled mining personnel, by maintaining and continually improving our staff training system, developing the talent pool and collaborating with educational institutions.

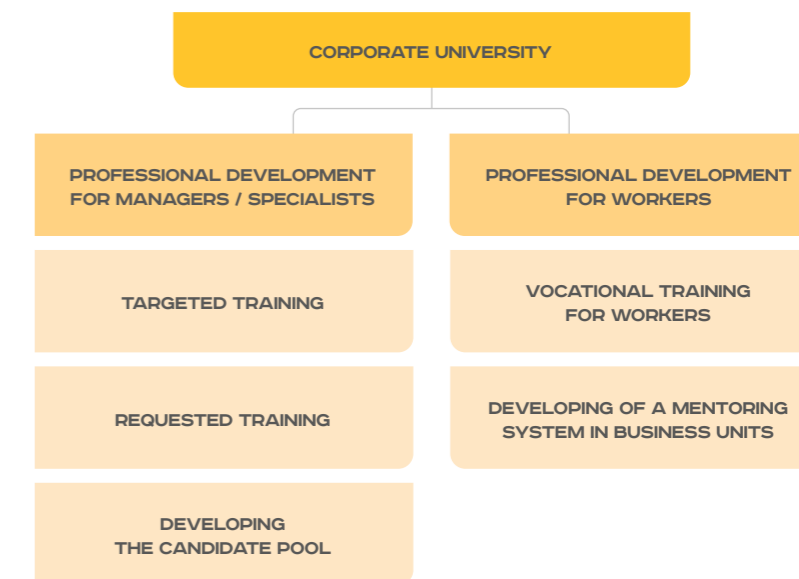
Polyus provides extensive professional development opportunities, regardless of an employee's position. To ensure compliance with respective qualification requirements, employees at all business units have access to several professional and general corporate training programmes.

The majority of professional development programmes are implemented within the framework of the Corporate University, which aggregates all existing training and educational courses for managers, specialists and workers.

Polyus carefully evaluates its investment in employee training to ensure that it is both sufficient and effective. All employees undergo compulsory examinations based on the training they have received. In 2019, an examination process was implemented as part of the SAP Success Factors system. In addition, the managers of trained personnel participate in the survey, and evaluate training as well as their practical application and results.

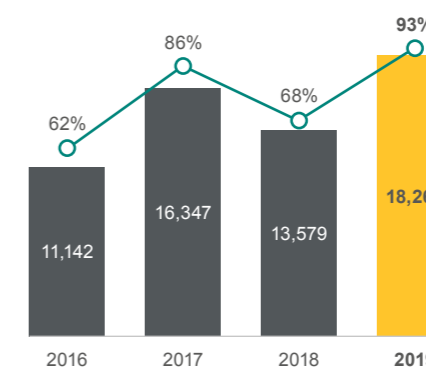
In 2019 we also held a conference for our suppliers and contractors, at which we shared our understanding of sustainable business standards and practices that we implement in Polyus and expect to see in their own businesses.

FOCUS AREAS OF THE POLYUS TRAINING SYSTEM¹



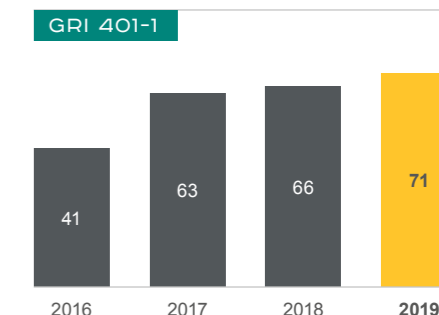
In 2019 the number of employees trained during the year was up 25%, and made up 93% of the company's average headcount. The average number of training hours per employee was 71.

NUMBER OF EMPLOYEES TRAINED²



■ Number of employees trained
□ Employees trained, as percentage of average headcount

AVERAGE NUMBER OF TRAINING HOURS PER YEAR PER EMPLOYEE

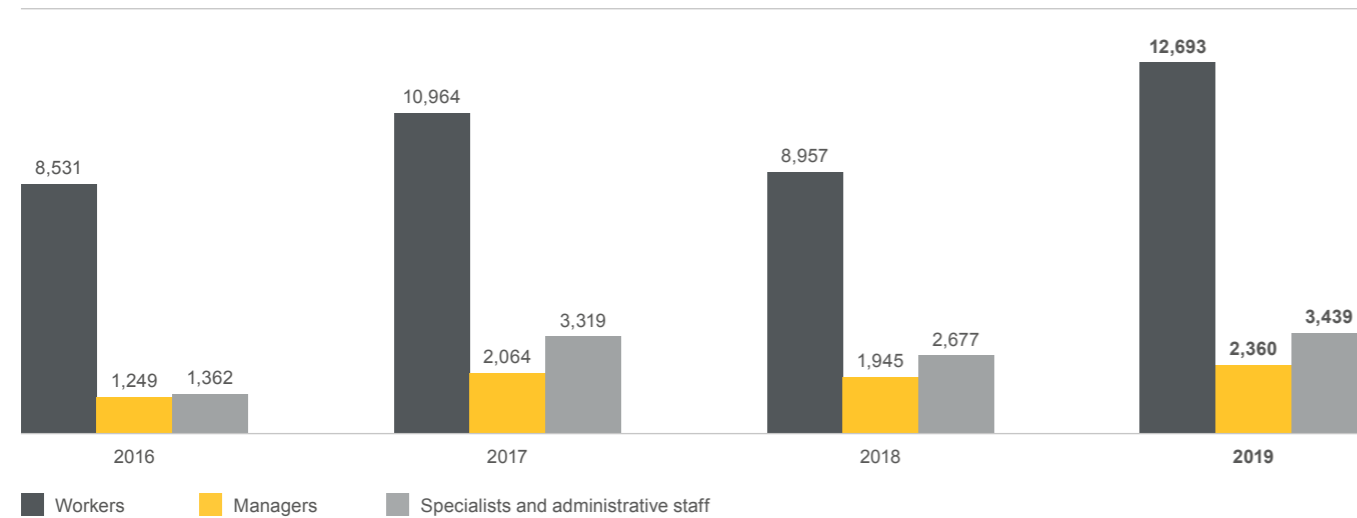


¹ For further details about training programmes see the PJSC POLYUS Sustainability Report 2018, pages 43-44.

² Figure represents number of unique employees trained (18,264). The sum of the employees trained within all the categories according to the figure Number of employees trained by category (18,492) differs from the number of unique employees trained as it implicates the double counting of the employees who transferred from the one category to another during the year and received education being in the different categories.

HUMAN CAPITAL CONTINUED

NUMBER OF EMPLOYEES TRAINED BY CATEGORY



THE POLYUS KNOWLEDGE

The Polyus Knowledge programme was specially designed for Polyus employees, and is based on key internal business processes. The programme covers main management and leadership issues and helps employees develop all necessary competencies to perform their roles effectively.

In 2019 Polyus continued to offer training as part of the Polyus Knowledge programme. We developed two new modules that were customised to meet our requirements, processes, and procedures: Recruitment Skills and Procurement Skills.

In 2020 we plan to further develop and enhance our existing modules and to create a classroom course, 'Public Speaking', and two online courses: 'Goal Setting' and 'Feedback'.

CLASSROOM MODULES

SESSION 1

Leadership
Project Management

SESSION 2

Effective Communication
Finance for Non-financiers

SESSION 3

Procurement Skills
Recruitment Skills

SESSION 4

Efficiency Culture
Public Speaking

ONLINE MODULES

Gold Mining Technologies
Goal Setting
Feedback

OPERATIONAL EFFICIENCY

In 2019 we launched at the Corporate University a new educational stream on operational efficiency. During the year a new training programme, the Foundation of the Production System, was developed. Some 167 line managers took part and we plan to enrol an additional 182 managers on the programme in 2020.

The new operational efficiency training programme is highly practical and linked to business tasks faced by the Production Efficiency Department. All training modules include practical assignments comprising actual case studies related to operational efficiency.

Another educational stream launched in 2019 was a large-scale training programme for project managers and project teams involved in capital construction. The programme covers best domestic and international practices – and facilitates the introduction of in-house procedures and regulations related to project management and capital construction.

CORPORATE TALENT POOL

Polyus' Corporate Talent Pool programme plays a significant role in developing specialists and appointing them to managerial positions by identifying the most motivated and active employees. The company has two programmes: Gold Standard and Gold Reserve, which it plans to upgrade in 2020.

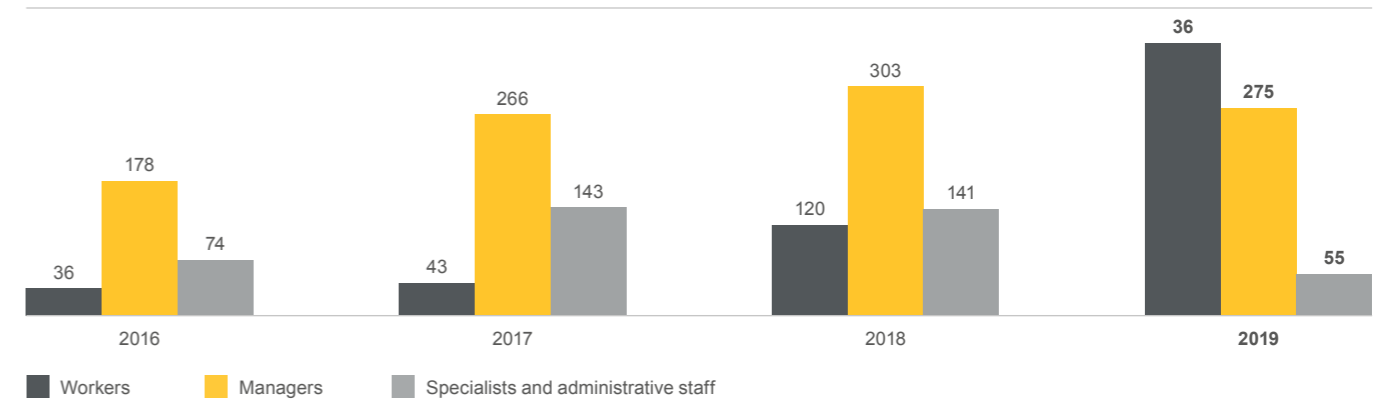
The Corporate Talent Pool programme is run according to the Regulations on the Talent Pool. These formalise the path a candidate must follow in order to enter the talent pool. Polyus also applies special talent assessment tools in the employee selection process.

Information on employees enrolled on Corporate and Business Units personnel reserves is stored in the Talent Pool Database.

POLYUS CORPORATE TALENT POOL STRUCTURE



CORPORATE TALENT POOL, 2016-2019



MENTORSHIP PROGRAMME

Another bulwark of Polyus' professional development is its Mentorship Programme. This is aimed at integrating new workers, with more experienced colleagues acting as mentors and supervisors. In 2019 we conducted a pilot of the programme, which led to an upgrading of the Regulations on Mentoring (developed in 2018). Polyus implemented a set of methodological tools, including the Mentor's guide, training materials, a business game for

mentor training and a remote e-learning training course. In 2019 the methodology was transferred to the business units. From 2020, mentors will be trained in all regions of operation, based on the business units' needs. In addition, the implementation of the Mentoring Programme will be monitored.

In 2019 Polyus selected 354 people to be mentors. This group underwent training sessions and received professional certificates. In 2020 we plan to train a further 350 mentors.

CASE STUDY

Mentors are well known by their co-workers for their professional achievements. Those who are new in the company can easily recognise a mentor by their chevron. The chevron was specially designed for the Mentoring Programme and are attached to a mentor's uniform



HUMAN CAPITAL CONTINUED

CORPORATE CULTURE DEVELOPMENT

We believe that a strong corporate culture is key to having an integrated and motivated team; hence Polyus works continuously on its development and maintenance. To improve our corporate culture, we hold a number of sporting and cultural events, and support employee participation in professional skills contests and volunteering activities.

The company actively engages employees in the development of efficient production and management systems. In March 2019, the Council of chief experts brought together production managers, engineers, mechanics and specialists for the first time – to share best practices, ideas and troubleshooting know-how. The forum will be held annually in future to discuss production issues, develop resolutions and establish initiatives for operational improvements.

Employees participate in a variety of professional skills contests. These events are held annually and bring our people together – recognising their expertise and uniting them as a team. In 2019 we held the second Company-wide professional skills championship: employees from all business units and support services competed in nine categories. The 'best in profession contests' were also held during the year in individual business units.

Polyus also brings people together through sport. Healthy lifestyles are promoted extensively by the company, and employees actively participate in various corporate and local sports events. One of the most popular of these is the Polyus Olympics.

CASE STUDY

ASSESSMENT OF PERSONNEL ENGAGEMENT

In 2019 all employees were invited to participate in a Company-wide survey. The intention was to measure and identify actual levels of personnel engagement, along with improvement opportunities across key related areas.

QUESTIONNAIRE SURVEY

2,661 PEOPLE (ALL EMPLOYEE CATEGORIES) ALL BUSINESS UNITS & HQ

EXPERT POLL

16 INDIVIDUAL INTERVIEWS TOP MANAGEMENT AND HR MANAGEMENT

FOCUS GROUPS

16 FOCUS GROUPS
150 LINE MANAGERS AND WORKERS

The survey also identified our employees' readiness for change – and that transformation was a key element of our corporate culture.

The survey identified several major drivers behind employee engagement:

- job commitment
- readiness for change
- shared values
- the company's reputation
- company / employee relations
- management evaluation
- training and skills development
- remuneration
- cooperation between business units

Our employee engagement index amounted to 67.4. Polyus' overall employee engagement is well above the industry benchmark, which indicates a high level of employee engagement and satisfaction. Areas of highest engagement include those related to the working process and team spirit. The level of personnel engagement has been improved across all business units and has demonstrated continuous growth since 2015.

Employees also pointed to a high level of job satisfaction – and satisfaction with social and living conditions. A number of recommendations were made to improve the organisation of leisure activities as well as the range of shops available at remote facilities.

Based on the survey results, all business units have developed action plans to address areas in need of improvement.



CASE STUDY

II POLYUS PROFESSIONAL SKILLS CHAMPIONSHIP

From 27- 29 August 2019 at Olimpiada, seven teams of professionals demonstrated their job skills and knowledge of the Golden Safety Rules, Corporate Ethics Code and operational efficiency.

For the first time, the competition was broadcast live via our corporate YouTube channel. Over 3,000 people across the country – including employees and their families – watched the championship.



CASE STUDY

VII POLYUS OLYMPICS

In 2019 the VII Polyus Olympics, took place in Yakutia, coinciding with the 95th anniversary of Yakutia's gold mining industry.

For four days, 250 Polyus athletes from Moscow, Magadan, Irkutsk and Krasnoyarsk competed for medals in futsal, volleyball, streetball, tug of war, ping pong, athletics, weightlifting and chess.



VOLUNTEERING

An important stream across our corporate culture is volunteering. Engaging our people in volunteering initiatives not only adds considerable to what the company does, it supports us in achieving our mission and strategic goals.

Polyus actively promotes its volunteers and their initiatives by providing the necessary resources as well as management support to plan and organise volunteering activities. To facilitate employee involvement, we have introduced a number of initiatives, starting with the Managing company.

In 2019 we initiated regular business breakfasts with volunteers and management to discuss plans, share ideas and evaluate results. Volunteers, together with HR management, developed the **Volunteer Annual Action Plan**. Historically, environmental and charity projects have been the main focus of Polyus volunteering initiatives. In 2019 two new streams of activity were added: animal shelter support and pro-bono projects to provide help to social funds and NGOs.

Polyus organises several volunteering projects in partnership with major Russian charities. These include the Life Line Charity Foundation, the Fun Getting Old Foundation, Volunteers to Help Orphans, the Gift of Life Charity and the Konstantin Khabensky Foundation.

The achievements of our volunteers are recognised at all corporate events and promoted on our web portal. To raise awareness among employees about sustainability related issues and volunteering, a dedicated area, Polyus Volunteering Zone, was established during the celebration of Metallurgist Day in July 2019. This provides the opportunity for everyone to access information about volunteering at Polyus and participate in a quiz.

Although volunteering is well supported across all business units, most activities in this area in 2019 were initiated by Managing company activists. For 2020, our main goal is to develop an umbrella volunteering programme to unite and coordinate volunteering activities across all Polyus' regions of operation.

POLYUS VOLUNTEERING HIGHLIGHTS IN 2019

PROJECTS

15

TREES PLANTED

200

VOLUNTEERS

270

KILOS OF BATTERIES, WASTEPAPER, ETC. RECYCLED

2,000

LITRES OF BLOOD DONATED

19

KILOS OF CLOTHES DONATED

500

HUMAN CAPITAL CONTINUED

PLANS FOR 2020 AND THE MEDIUM TERM

Polyus is continuously improving the company's HR management system. Every year we introduce fresh initiatives, automate processes and continue adopting the best global practices. In the next reporting period – and over the medium term – the company plans to introduce initiatives in the following areas:

- Implementing the Workforce Adaptation Programme at all business units
- Developing clear and consistent job descriptions for all positions across business units
- Training business units' HR personnel in capacity building programmes
- Initiating the MFC 2.0 project and continuing to transfer to this business unit additional centralised HR services related to training and recruitment
- Developing KPIs tailored for different workplaces
- Revising the grade level system
- Updating the Core Competencies Model
- Developing a rotational internship system across all business units
- Developing and implementing a Core Competencies Management Standard
- Elaborating and implementing the Universities and Colleges Collaboration Programme
- Transforming the Corporate Talent Pool System
- Establishing new remote e-learning training courses
- Upgrading the Corporate Talent Pool programme
- Developing and implementing social welfare service standards
- Developing the Polyus Volunteer Programme to unite and coordinate volunteering activities across all regions





HEALTH AND SAFETY

SAFETY CULTURE LEVEL OF 2.4 POINTS UNDER THE BRADLEY SCALE ACHIEVED

2.4

LTIFR¹ REDUCTION COMPARED TO 2018

11%

OF EMPLOYEES COVERED BY CERTIFIED INTEGRATED HSE MANAGEMENT SYSTEM

97%

SAFETY DRIVES US TO OPERATIONAL EXCELLENCE

At Polyus we believe that every loss or emergency can – and must – be prevented. Safety is not simply a key value for us, but also a key focus. The health and safety of our employees are taken into account when making every decision – and when implementing every project, and our top priority is to continuously improve health and safety management throughout our operations.

Our main activities are focused on embedding a safety culture within the company. We hold regular training and drills, health protection, safe driving courses – and are fully prepared for emergencies.

GLOBAL SUSTAINABLE DEVELOPMENT GOALS



ICMM SUSTAINABILITY PRINCIPLES



¹ LTIFR is calculated as the total number of lost time injuries divided by the total hours worked and multiplied by 200,000 hours

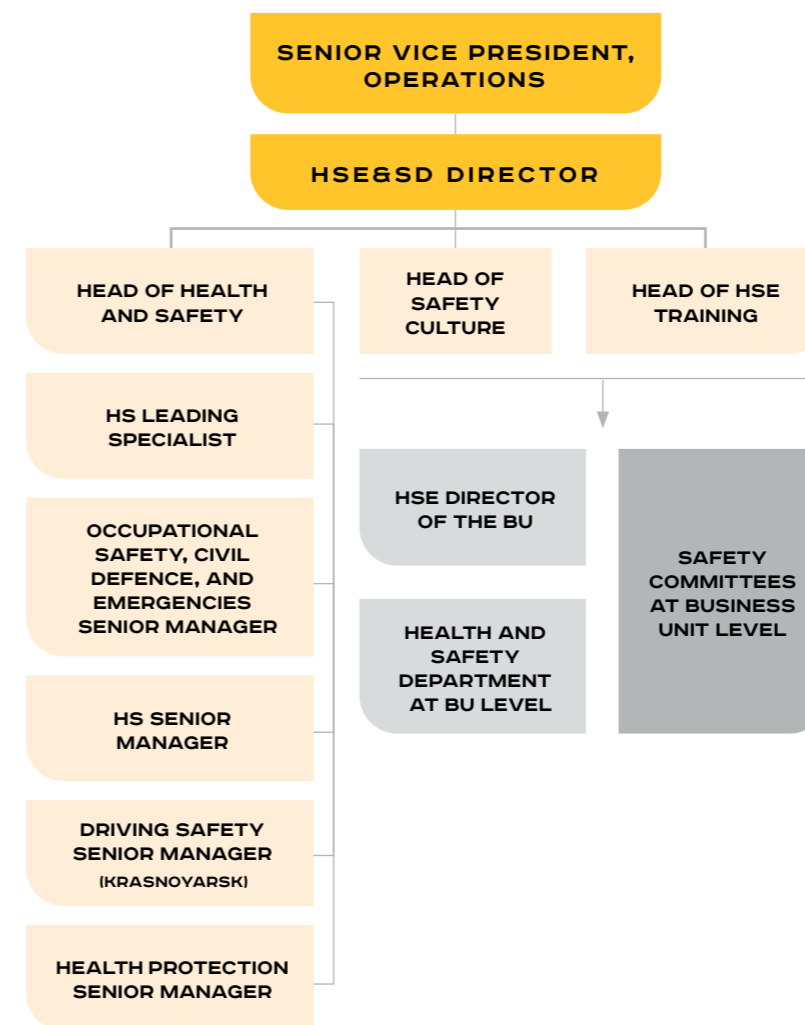
² ICMM. Health and safety.

³ ICMM. Risk management.

PERFORMANCE AGAINST GOALS

Goal	Status	Summary of progress in 2019
A reduction by 2020 in the lost time injury rate (LTIFR), by 20% vs 2016	Achieved	LTIFR was 0.08 (38%↓ compared to the LTIFR in 2016)
Reducing the AARk by 20% by 2020 vs 2016	Achieved	AARk was 0.28 (22%↓ compared to the AARk in 2016) ⁴
Raising the safety culture level to 2.6 points (under the Bradley scale) by 2020	On track	An intermediate level of 2.4 points was achieved in 2019. The level of 3.0 points or more is reached by four of six business units
HSE minimum corporate training coverage: ≥ 98% of employees by 2020	On track	We gave training on H&S minimum to 95% of employees
Zero fatalities	On track	The fatality rate in 2019 was 0.005 (0.01 in 2018)

ALLOCATION OF RESPONSIBILITIES



⁴ Automotive accident rate.

DOCUMENT FRAMEWORK

Internal

- Health, Safety, and Environmental Policy
- Gold Safety Rules
- Integrated HSE Management System Standard
- HSE Leadership Standard
- Hazard identification and HSE risk management Standard
- HSE Event Management: Notification, Investigation and Reporting Standard
- HSE Training and competency Standard
- PPE Standard
- Contractor Safety Management Standard
- Traffic Safety Management Standard.
- HSE MS Auditing Standard
- Behavioural safety audits Standard.
- Substance Abuse Policy

External

- ISO 45001:2018

HEALTH AND SAFETY CONTINUED

MANAGEMENT APPROACH

GRI 103 · GRI 403-1

The company endeavours to make constant improvements to its H&S management system— and provide all employees with safe workplace conditions. Our approach is based on managing risks through embedding a health & safety culture within operations, continuous growth within H&S competencies, emergency preparedness (regular drills) and ensuring that critical controls are in place, including safety driving. In recent years, Polyus has made significant efforts to integrate separate Health, Safety, and Environmental management into a single system.

In 2018 this process was completed and the Integrated Management System was certified under ISO 14001:2015 and ISO 45001:2018 requirements. The certificate, valid until 2021, covers the Managing company and all business units and support services.

CASE STUDY

UMBRELLA CERTIFICATION

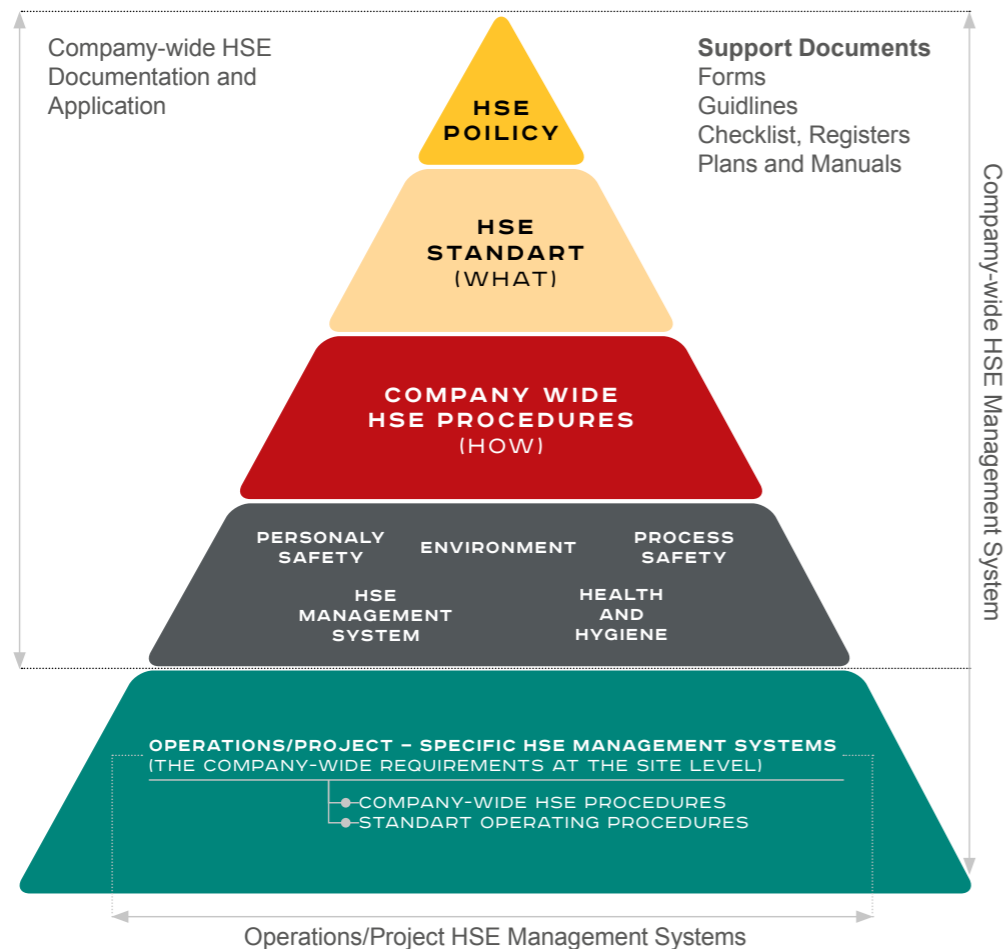
The certification process is conducted by an external company and comprises:

- A documentary audit of the Managing company and its main business units and support services.
- Umbrella certification of the Integrated HSE Management System (ISO 14001:2015, ISO 45001:2018): in 2019 the process was performed

in Olimpiada and Blagodatnoye, Kuranakh, Alluvials, Verninskoye, and the Construction and Engineering services.

- Alluvials was certified under ISO 45001:2018 for the first time.

The certification audit was completed successfully, and no significant discrepancies were identified.



ORGANISATIONAL RESOURCES AND ROLES

To ensure the Integrated HSE Management System functions effectively, we maintain the required amount of organisational and financial resources. HSE management covers all aspects of the company's business, from strategic decision making to day-to-day operations.

In line with our commitments, Polyus plans and implements various health and occupational safety measures every year.

POLICIES AND GOALS

The Polyus **Health, Safety, and Environmental Policy** is the foundation of all the company's HSE activities and is the most important component of the Integrated HSE Management System.

The company has implemented a raft of interrelated standards. These contain requirements designed to facilitate safe working conditions and to preserve the life and health of employees during work processes. The standards are regularly revised and updated, which ensures compliance with current international best practices. Polyus has also elaborated company-wide HSE procedures to appropriately implement the requirements of standards across all business units.

Based on the **HSE&SD Development 2016–2020 Strategy** (covering each focus area: contractors, risks, training, process safety, driving safety, etc), the Managing company formulates strategic KPIs, which are mandatory for all business units and support services. Business units and support services may instigate additional KPIs, based on their own specifics.

In 2019 Polyus updated the HSE Event management standard, establishing a procedure for transmitting information on incidents and the procedure for conducting internal investigations.

LEADERSHIP AND COMMITMENT

The most important part of an effectively functioning Integrated HSE Management System is leadership. In 2019 we scaled up the coverage of the **HSE Leadership Standard** to line management (foreman level). We take into account whether personal commitment plans have been met in the final assessments of directors' and managers' KPIs. We continued to hold HSE leadership training for top, middle, and line management.

In 2020 we will increase the number of behaviour audits in which the CEO and managing directors must participate to four. In addition, we involve them in the safety analysis process and in identifying risks. Managers participate personally in audits related to key injury risks: work at height, works on electric installations and maintenance.

CASE STUDY

PERSONAL HSE COMMITMENTS FOR TOP AND LINE MANAGEMENT:

- Participating in behaviour audits
- Participating in risk assessments
- Personal participation in audits, including visits to production sites
- Participating in in-house investigations of accidents
- Wearing personal protective equipment and using safety belts
- Holding meetings with employees to report on the status and objectives of HSE and to answer questions
- HSE leadership and commitment training
- Rewarding employees who have prevented an accident and/or halted dangerous work and/or achieved noteworthy HSE results

In recent years, Polyus has made significant efforts and integrated separate Health, Safety, and Environmental management into a single system

HEALTH AND SAFETY CONTINUED

RISK MANAGEMENT

Polyus applies a risk-oriented approach to effectively prevent losses.

In 2019 we implemented the **Hazard identification and HSE risk management Standard**. This provides guidance concerning the risk assessment procedure in all business units and support services. Systematic hazard identification and risk assessment forms the basis for elaborating and implementing measures to prevent incidents, including injuries and emergencies.

Based on the results of internal investigations and risk assessments, we made key improvement programmes for 2020:

- Work at height and prevention of falls
- Electrical safety
- Moving mechanisms
- Transport safety

GRI 403-4

The Hazard identification and HSE risk management Standard provides guidance concerning the risk assessment procedure at each business unit. In Polyus we use the concept of a "Hierarchy of controls". The requirements for the level of control measures in the hierarchy depend on the significance of the level of risk and is spelled out in the Hazard identification and HSE risk management Standard, which applies to both employees and contractors.

We created an integrated structure of working groups focused on four key risks at each business unit: work at height, electrical safety, transport safety, contractor management and risk assessment. Every business unit has a person appointed to ensure that the requirements of the Hazard identification and HSE risk management Standard are adhered to. The company initiated this work to boost communication among business units, disseminate knowledge about successful practices and to more rapidly resolve issues requiring the involvement of the Managing company.

In addition, we conducted injury risk assessments based on incident statistics over five years. During this analysis, we ascertained the most dangerous types of work, and scheduled the development of systematic instructions for these operations – standard operating procedures (SOP). We performed this work across

all business units and support services. In 2019 we updated working manuals, technical procedures and SOPs – and made considerable efforts to raise awareness of these activities among employees.

CASE STUDY

HAZARD IDENTIFICATION AND RISK ASSESSMENT PROCEDURES

Risk identification procedure for conducting risk sessions

This describes the steps and requirements related to hazard identification and risk analysis. It also is the basis for compiling a register of risks and mitigation measures to manage identified risks and deviations – and preventing their reoccurrence.

2 Hazard identification and risk analysis of operations

This is an instrument for performing detailed hazard analysis and risk assessments of operations conducted by line managers within working groups, who take decisions related to risk levels and control measures. The guidelines contain a list of work and operations considered to be high risk (16 types). The list is not comprehensive and can be supplemented by a line manager.

3 Guidelines on Identifying and Assessing Environmental Risks

This guidance specifies the environmental risk identification and assessment approaches that can occur during production activities. The purpose is to rank identified risks in order and to choose the most effective mitigation methods.

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



MONITORING, CONTROLS AND AUDITS

Obligations to comply with all applicable health, safety, and environmental requirements are enshrined in the Polyus HSE Policy. The company's professionals regularly monitor changes in Russian legislation, conduct audits to check respective compliance and organise information campaigns for employees.

We put in place and maintain processes to regularly monitor and control H&S performance. Our business units and support services frequently perform several types of monitoring, focusing on various aspects of H&S performance, production controls in workplaces with hazardous working conditions and monitoring employees' health.

In 2019, inspections and surveys of business units were carried out in accordance with established schedules. In total 134 external audits were conducted, the majority of which were conducted by Rostekhnadzor.

The company also monitors and assesses the overall efficiency of the Integrated HSE Management System by conducting annual internal audits. We performed these in accordance with the corporate **Standard on the Internal Audit of the Integrated HSE Management System**.

CASE STUDY

AUTOMATION OF HSE PROCESSES: SAP ENVIRONMENTAL, HEALTH, AND SAFETY MANAGEMENT (EHSM)

In 2019 Polyus launched a SAP EHSM development, based on the SAP ERP solution. The key goal of the SAP EHSM roll-out is to reduce risk levels through performing an appropriate risk analysis and launching procedures to transform HSE processes.

The implementation of the new system allows centralisation and consolidation of information to support H&S strategies and objectives, thereby providing analytical support for decision-making processes. This project will provide managers with rapid access to H&S data, using mobile dashboards to make timely managerial decisions. The implementation of the new system will facilitate the monitoring of H&S-related data, including monitoring hazard indications, industrial facilities and fire safety at sites.

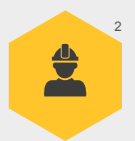
This year we enhanced the system's configuration and design, including the design of additional functions. Furthermore, we launched a user briefing option and a method to test the system. The pilot project will begin in 2020 at Olimpiada and Blagodatnoye, Verninskoye and for the Logistics service. Its further deployment will include an update of documentation following a trial operation.

For H&S business processes, which often entail employees working remotely, we are developing a special mobile app. This will enable all company employees to promptly report incidents and violations, using not only a personal computer but also various mobile devices. It will create a single database that will allow all incoming information to be structured, thus making it transparent and available for analysis – and boosting the effectiveness of management decisions.

The system will facilitate the collection and storage of information on issues including:

- HSE Event management
- Transport safety
- Audits and inspection
- Process safety
- Health management
- Contractor safety
- Environmental safety
- Analytical data

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



² ICMM. Health and safety.



¹ ICMM. Risk management.

HEALTH AND SAFETY CONTINUED

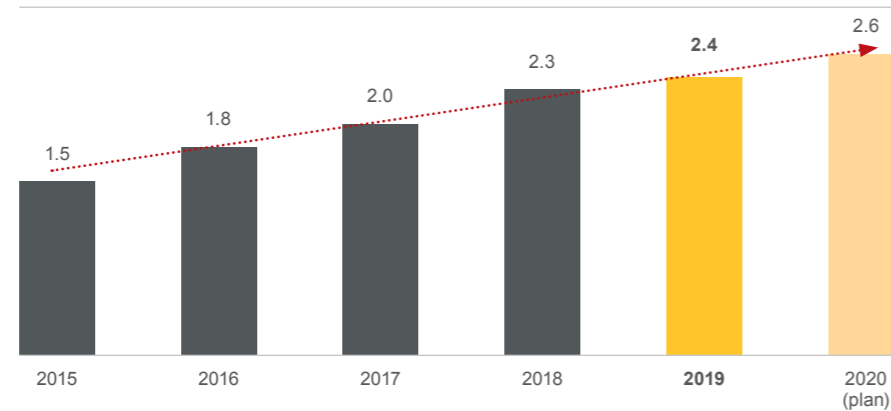
IMPROVING THE SAFETY CULTURE

Improving our safety culture is a key focus. To achieve a high level of employee H&S awareness, Polyus implements numerous projects and programmes and pays close attention to safety values.

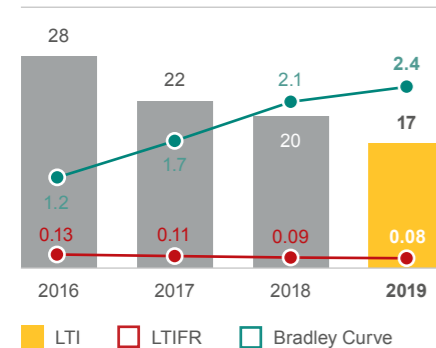
Polyus' management incorporates the development of a safety culture into its set of four high-level corporate KPIs. Independent auditors conduct an annual safety culture assessment of 14 safety management elements. To measure this indicator, Polyus uses the internationally recognised Bradley scale.

Since the implementation of integrated programmes aimed at raising the safety culture level, the injury rate has fallen by 43%, while the safety culture level has risen by 50%.

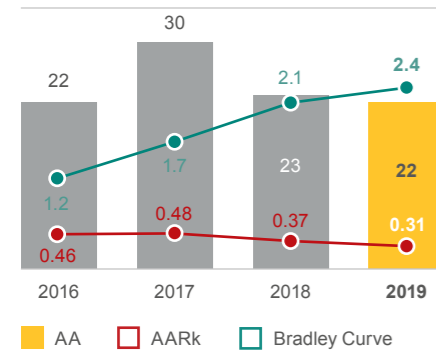
AVERAGE LEVEL OF SAFETY CULTURE DEVELOPMENT UNDER THE BRADLEY SCALE



CORRELATION BETWEEN SAFETY CULTURE LEVEL AND INJURY RATE



CORRELATION BETWEEN SAFETY CULTURE LEVEL AND AUTOMOTIVE ACCIDENT RATE



The Automotive Accident Rate also dropped by 33% as a result of the rise in the safety culture level.

Based on the Bradley scale, for the fifth consecutive year we registered a rise of 50% in the safety culture level at business units and support services. In 2019 the company's average safety culture development level rose to 2.4 points, up from the 2.3 registered in 2018. This indicates that employees are becoming increasingly involved in safety issues. Verninskoye attained the best result in terms of raising the safety culture level (3.5). Three out of nine business units exceeded the 3.0 threshold, which demonstrates that Polyus is crossing the 'cultural bridge' and entering the next independent level. This also indicates that we are implementing effective and sound programmes. In 2020, we aim to raise the average safety culture level to 2.6 points.

The company's management understands that excellence in safety can be attained not only by improving management systems and technical infrastructure, but also by ensuring that each employee is responsible for safety.

We want to motivate and educate employees to report hazards and eliminate risks. The goal for each individual is to move from a typical reaction of 'this is none of my business' to 'I do not ignore hazards'. Each employee that has witnessed any deviation from the norms and rules governing safe operation has the right to halt work to prevent an accident from taking place. Workers are required to abandon their work if they identify hazards that may be a threat to their life or health.

Maintaining an effective dialogue on H&S issues with internal and external stakeholders: mainly workers and trade unions, influences how the safety culture develops.

We aim to ensure the free and timely exchange of reliable information on H&S policies and standards, commitments and goals, injury prevention initiatives and incidents.

CASE STUDY

H&S COMMUNICATION CHANNELS:

- Meetings of the Central Safety and Safety committees at business unit and support services level
- Meetings between Managing company H&S managers and business units and support services
- Information campaigns on H&S risks and hazards
- H&S instructions on all types of H&S and respective training
- H&S reviews and audits
- Communications via email, telephone, and mobile devices
- Informing staff via information stands, posters, videos, and corporate publications at business unit and support service level

Polyus also actively organises and participates in a number of H&S initiatives and events. These include internal H&S days, issue-specific forums, conferences and round-table discussions. These involve not only our employees, but also representatives of the business community, government authorities and international organisations. We share experience with both Russian and foreign colleagues and carefully study best global HSE practices, which allows us to progress and to work safely and efficiently.

AWARD

In 2019 Verninskoye won in the Labour Protection and Health of Workers category at the 'Leaders of Russian Business: Dynamics, Responsibility, Sustainability – 2018' competition held by the Russian Union of Industrialists and Entrepreneurs.



CASE STUDY

In 2019 Polyus participated in and contributed to organising a number of HSE-themed events.

Russian National Health and Safety Week

Speaking at the 'Motivating and engaging workers and managers in labour protection' session, Roman Dertinov, Polyus' Director of Health, Safety, and Environmental Protection and Management, stressed the role of all managers as drivers of processes in enterprises – and whose undisputed leadership qualities are demonstrated during direct participation in everyday activities. An important topic was the non-material motivation of employees and mechanisms for involving contractors in labour protection issues.

World Day for Safety and Health at Work

Polyus initiated the annual 'Labour Protection and Industrial Safety' conference, dedicated to the World Day for Safety and Health at Work, and celebrated on 28 April each year. Various professional issues were discussed, and the event featured an exhibition of personal protective equipment. Speakers discussed the dynamics of changes in the company's business units among HSE contractors – and the subsequent measures taken. We also examined a number of accidents using practical examples.

Baikal international forum of partners in Irkutsk

Verninskoye took part in the Baikal International Forum of Partners in Irkutsk, where business units presented best practices to create conditions for maintaining employees' health and motivating them to work safely. Following the forum, Verninskoye presented potential improvements to the compulsory insurance system. Polyus proposed a number of initiatives to improve the mandatory insurance system in Russia. These included organising training to manage electronic document flows related to the return of social insurance funds and the payment of sick leave to shift employees from the first day of sickness from the Social Insurance Fund.

Sharing H&S experience

As part of ICMM membership in 2018, we organised study visits to the company's enterprises for representatives of other gold mining companies; the HSE Vice President of Anglo Gold Ashanti visited Olimpiada and Blagodatnoye. In 2019 we continued this practice. In 2019 we visited a mine in Finland, which has achieved very low injury rates in the past ten and has implemented an automated H&S management system. We also visited Evolution Mining in Australia, where an effective H&S system has been implemented.

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



¹ ICMM. Stakeholder engagement.

HEALTH AND SAFETY CONTINUED

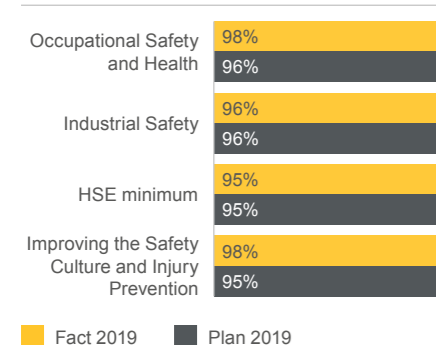
CORPORATE TRAINING

GRI 403-5

We made considerable progress in terms of improving our training and development system. The main goal is to offer numerous opportunities for continuous professional development. The Polyus corporate training structure encompasses five main training blocks, which ensure that certain employee categories acquire both basic and specialised HSE knowledge:

- HSE minimum, required for all employees
- HSE for Line management, HSE for top management (Leadership)
- Improving the safety culture and injury prevention for workers
- The Driving Safety programme
- Health training

SHARE OF EMPLOYEES TRAINED IN CORPORATE COURSES, %



In 2019 we launched an H&S training programme for line managers. Some 98% of employees undertook the Improving the Safety Culture and Injury Prevention training course. Managing Directors of business units and support services attended Root cause analysis training courses. In accordance with the requirements of the standard on hazard identification and HSE risk management, Managing Directors and employees were also trained in HSE Risk management. Internal trainers were trained at the previously updated course HSE for line management (Leadership programme).

CASE STUDY

VIRTUAL REALITY SIMULATOR FOR HAZARDOUS WORK TRAINING

The hazardous substance-unloading simulator simulates the entire process of performing a standard operation. To pass, the user must:

- choose personal protective equipment and conduct a mutual check with a partner-bot
- select an appropriate tool
- meet the car and unload sodium cyanide
- unpack the consignment

The simulator uses a Tesla tactile feedback suit, which responds physically if erroneous actions are made. The suit conveys sensations ranging from light interaction with objects to strong discomfort in the event of a virtual injury. A motion capture system allows you to collect advanced analytics of user actions.

A wide range of training scenarios allows various skills to be practised, such as working with electrical equipment, working at heights, working in confined spaces, eliminating emergency situations, providing first aid and fire evacuation procedures.

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



To raise the professional level of all rescuers, Polyus launched a course on search and rescue operations for Nataalka specialists. As part of the training, employees mastered the use of insulating breathing apparatus, and devised techniques for conducting search and rescue operations in the event of accidents at hazardous production facilities. Training was also conducted on emergency responses to oil spills.

New training equipment was purchased for the electric workshop at the Kuranakh mine. In addition, we bought and installed equipment for a training area, with a complete simulation of the internal 6 kV pit line. Several times a week, electrical workshop employees practice their skills to take the necessary technical measures for working in electrical installations with a more than one kilowatt capacity.

For training in safe methods of working at height, a training area was created at Nataalka. Training for the auxiliary mine rescue team is held continually. Measures have also been developed to eliminate accidents at hazardous production facilities.

In 2020 we will increase the managers' personal participation in training on working at height with compulsory practical exercises. We will also promote the participation of the CEO/Managing Directors in a defensive driving training course.

CASE STUDY

LAUNCH OF SAP SUCCESS FACTORS

Before the launch of SAP Success Factors, the Managing company was unable to track the status of the training process for subordinates or the results of online testing, receiving results only upon request. Prior to the changes, data on the HSE training and testing of employees was stored locally by the heads of HSE at business units. In 2019 we introduced a system that allows SAP Success Factors to generate for automatic notifications for managers if their subordinates did not pass any required training and/or tests. SAP Success Factors provides remote access to training documents, so that staff can prepare for tests and exams – and allows distance-learning courses to be viewed on mobile devices.

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



INJURY PREVENTION

Injury prevention is a key focus of our approach to H&S system development. Polyus seeks to constantly improve its occupational health and safety performance through applying best available practices and actively involving employees in occupational safety programmes.

We are fully committed to achieving a zero fatality rate and preventing injuries. To do this, we ensure that safety management systems are maintained at the right level and in full compliance with related legislation, as well as international and industry-specific standards. The company provides personal protective equipment and constantly monitors how it is used.

In 2019 we determined the next key areas in injury prevention:

- impacts from machinery/equipment and hand tools
- slips/trips/falls from height
- electrical shocks
- transport safety
- managing contractors

Each injury incident at work is subject to investigation, in accordance with applicable legal requirements. We also perform a root-cause analysis of injuries, which is regulated by internal guidelines. Based on the results of investigations and root-cause analyses, key risk factors are determined annually.

In 2019, in order to improve performance levels in each of these five areas, we continued to roll out new initiatives, including special H&S campaigns. For three years we have used an individual voltage signalling device in Kuranakh to prevent electric shocks. The company installed special devices on the helmets of workers that are sensitive to the electromagnetic field. When climbing or approaching a line that is energised, the devices alert employees with light and sound signals.

Preventing injuries from equipment also forms an important part of our work. In 2019 we appointed individuals in charge of safety and operations for each hazardous area. We also updated working manuals, technical procedures and SOPs – and an action plan was developed to guarantee the visibility (using paint) of dangerous parts and rotating elements. We took steps to ensure that hazardous parts and rotating elements are equipped with safeguarding elements/fencing, clear signage and interlocks. In 2019 these steps made it possible to halve the number of related incidents compared to 2017.

Programme	Goal of the programme	Key features
HIGH FIVE! CAMPAIGN	To prevent hand injuries from rotating mechanisms/manual tool use.	In 2019 we introduced the High Five! campaign for all contractors of business units and support services. The campaign has covered 98% of employees. A range of hazard awareness activities was held, including training, creating posters and safety signs, conducting behavioural safety audits and workplace risk assessments and health inspections.
PREVENTING SLIPS, TRIPS, AND FALLS FROM HEIGHTS CAMPAIGN	To prevent falls: from heights and from a height of one level, as a top priority.	The campaign activities include audits of work at height, determining safe routes for employees around the site, replacing defective PPE and guard fences, purchasing training equipment, and employee training. In 2019 the project continued with the installation of systems to prevent falls from height. As a result, we managed to reduce the number of falls from height and eliminate fatal accidents: the number of injuries fell by 20% (five incidents in 2018, compared with four in 2019) and there were zero related fatal accidents.
LOTO (LOCKOUT-TAGOUT) SYSTEM	To prevent injuries from rotating machinery and electrical shocks while performing high-risk work.	In 2019 we extended the LOTO (LockOut-TagOut) system project to Olimpiada, Blagodatnoye, and Nataalka. The project comprised an audit and assessment of hazardous sources, the delivery and installation of LOTO equipment, integrating LOTO requirements into existing work methods, and employee education. We also drafted guidelines to use the LockOut-TagOut system and conducted detailed plant inspections to elaborate system guidelines.
WORK SAFELY! CAMPAIGN	To develop 'work safely' information material for each job/operation.	In 2019 we created a list of occupations that perform work/operations that are subject to 'work safely' information material. We also began training line managers on using information material in safety briefings for relevant professions prior to commencing work.

¹ ICMM. Health and safety.

HEALTH AND SAFETY CONTINUED

Despite all our efforts and the measures taken, in 2019 there was – to our great regret – one fatal accident (compared to three in 2018). The cause of this fatal accident was electric shock.

In 2019 the LTIFR fell by 11% compared to 2018. The number of lost time injuries also significantly declined. Benchmarking the injury rate across the market reveals that Polyus had the lowest LTIFR rate among mining companies over 2018–2019. Among mining and metallurgical companies, Polyus occupied a leading position in terms of reducing the number of fatal accidents among employees.

Compared to 2018, the number of accidents at the Logistics and Security services increased. In Olimpiada and Blagodatnoye, Alluvials, Nataika and the Construction service, there were fewer accidents than in 2018, while in other business units there were no incidents.

In 2019 the total registered injuries frequency rate rose by 17%.

An analysis of the accidents indicated that in 2019 there was not a single accident involving an intoxicated employee. All the accidents involved men, and we did not identify any predominance within a specific profession.

Unfortunately, the Construction service experienced a serious accident as a result of an employee falling from height. An analysis of the causes of the incidents has shown that the main factor behind accidents is impacts from equipment and tools.

To our regret, the number of total registered injuries in Polyus went up in 2019. The number of total registered injuries was 91, including 4 severe injuries. In 2018, there were no cases of severe injuries.

GRI 403-9

The company significantly reduced the lost day rate in 2018 compared to 2017. The rate continued to decline in 2019.

A positive result of the measures implemented was the zero number of restricted work injuries in 2019.

To our regret, in 2019 the number of medical treatment injuries was up 35 compared to 2018.

CASE STUDY

THE COMPANY'S LEADERSHIP

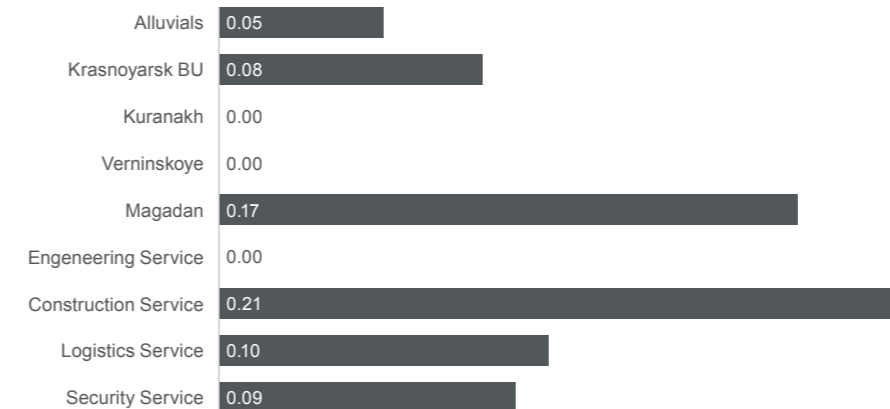
We have a responsibility to meet not only all legislative compliance expectations, but to strive to adopt leading practices. Polyus conducted a comparative analysis of injury levels at mining and metallurgical companies over 2018–2019. This analysis indicated that we occupy a leading position in terms of the lowest level of injuries occurring in the production process.

In 2019, due to safety measures we implemented, the injury level among employees was the lowest in the industry (0.08). Polyus occupies a leading position among Russian mining companies when it comes to reducing fatalities among employees. We also had a zero fatality rate among contractor employees, which was the best indicator in the industry.

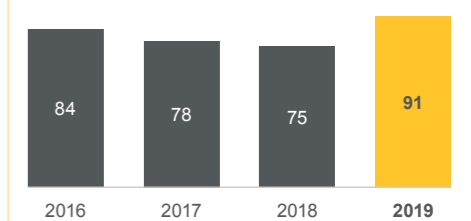
RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



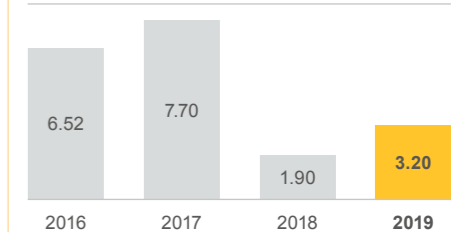
LOST TIME INJURY FREQUENCY RATE (LTIFR) AMONG EMPLOYEES BY BUSINESS UNIT, PER 200,000 HOURS WORKED



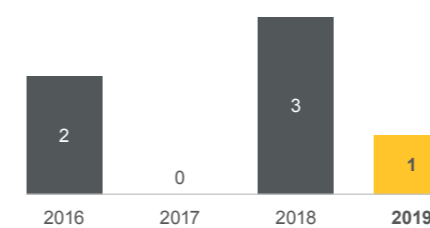
TOTAL REGISTERED INJURIES (TRI) AMONG EMPLOYEES



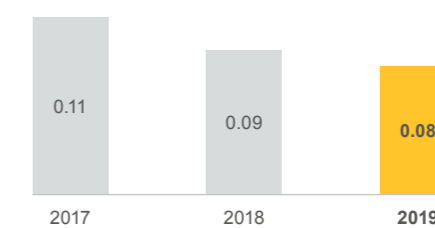
LOST DAY RATE AMONG EMPLOYEES



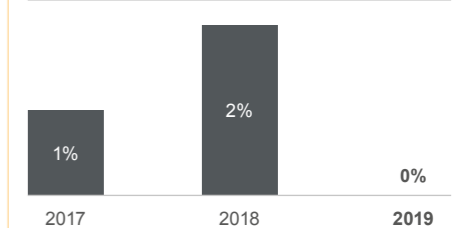
TOTAL NUMBER OF EMPLOYEE WORK-RELATED FATALITIES



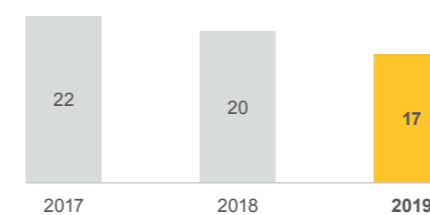
LOST TIME INJURY FREQUENCY RATE (LTIFR) AMONG EMPLOYEES, PER 200,000 HOURS WORKED



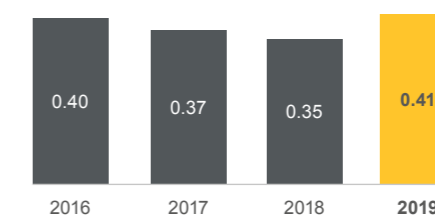
RESTRICTED WORK INJURIES AMONG EMPLOYEES, 2017–2019, %



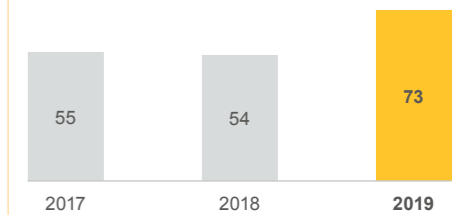
NUMBER OF LOST TIME INJURIES (LTI) AMONG EMPLOYEES



TOTAL REGISTERED INJURIES FREQUENCY RATE (TRIFR) AMONG EMPLOYEES, PER 200,000 HOURS WORKED



MEDICAL TREATMENT INJURIES (MTI)¹ AMONG EMPLOYEES



¹ A medical treatment injury (MTI) is defined as an injury or disease that resulted in a certain level of treatment (not first aid) given by a doctor or other medical professional in accordance with the instructions of a doctor.

² ICMM. Health and safety.

HEALTH AND SAFETY CONTINUED

DRIVING SAFETY

One of the most significant operational risks relates to vehicles and heavy pit machinery. We therefore, pay particular attention to this issue.

In 2019, as part of updating and implementing the standard for providing and organising motor vehicle safety, we retrofitted most vehicles with on-board vehicle monitoring systems (OVMS). We also updated our method of collecting information for monthly-automated reports of high-speed mode violations, based on OVMS data.

During the year, our main objectives for ensuring road safety comprised measures to prevent vehicle overloads. We checked and updated vehicle loading maps for warehouses. Towing trailers of increased weight were excluded. We introduced plans for the optimal loading of vehicles, which will reduce the risk of accidents as a result of the incorrect distribution of cargo inside vehicles.

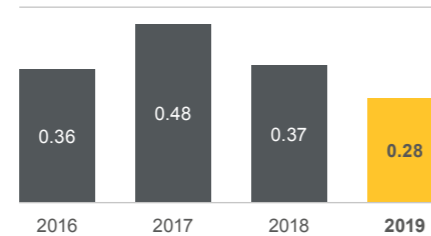
We also carried out additional work in the field of drivers' work-rest schedules. Vehicles were equipped with additional safety and driver assistance systems, including cameras, collision-warning radars and contour marking to draw attention to a car. We successfully organised pilot tests of anti-sleep systems, and the dispatch service performs online monitoring of passenger journeys.

In addition to introducing technological innovations, considerable attention is paid to reducing the influence of the human factor on driving safety; hence the criteria for selecting and recruiting drivers were updated. Moreover, to reduce the risk of accidents, we provide a number of learning programmes, including a 'Defensive driving' course, where drivers learn how to deal with challenging situations on roads and acquire the necessary skills necessary to drive in severe weather conditions. Also, at least twice a year we conduct training on providing assistance in the event of an accident.

In 2019 Polyus introduced a revised approach for vehicle management in its Logistics service. We implemented travel permit forms, depending on the risk level. In addition, dispatchers monitor vehicles online: a driver should check-in with a dispatcher at designated places along approved routes. The implementation of the transport security section in the SAP system is also ongoing.

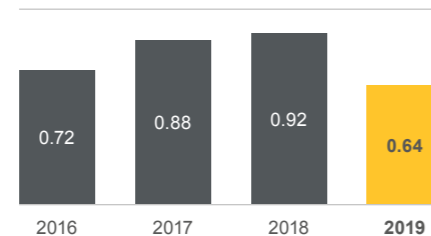
The number of driving accidents in 2019 was 23% lower than in 2018. The Polyus automotive accident rate (AARK) stood at 0.28 in 2019, which was lower than the figure for the previous year (0.37).

AUTOMOTIVE ACCIDENT RATE (AARK)



The total automotive accident rate (TAARK) also declined, by 30%.

TOTAL AUTOMOTIVE ACCIDENT RATE (TAARK)



Despite the implementation of numerous transport safety measures, the problem of driving accidents unfortunately remained. The main causes of in 2019 were:

- Driving too close to the road edge
- Lack of safe journey planning and risk assessment
- Violations of work-rest schedules by drivers
- Frequent weather changes, with a transition to sub-zero temperatures
- Driving off road owing to falling asleep/ becoming distracted
- Inappropriate speeds for weather conditions

GRI 403-2

We regularly analyse driving accident-related statistics, and, based on the results of investigations, elaborate and implement measures to mitigate against identified risk factors.

CASE STUDY

SAFETY ON TRANSPORT

The risk of transport accidents is crucial for Polyus and remains a major focus. The Road Safety project and its modules 'Buckle up' and 'Slow down' – and the installation of remote control systems and video recorders have reduced risks of fatal injuries to workers in road accidents. Thanks to the implementation of our 'Risk of Tipping Over' (Spring, Autumn), 'Drive Sober', 'Passenger Safety in Vehicles', and 'Slow Down' targeted campaigns in 2019, we achieved a reduction in the number of high severity accidents compared to the previous year.

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



CONTRACTOR SAFETY

In 2019 the company worked hard to ensure the safety of contractors and all planned measures were fully completed. The updated **Standard Interaction with Contractors in the Field of Occupational Health, Safety, and Environmental Protection** was commissioned as a pilot project at Olimpiada and Blagodatnoye. In 2021 a new standard will be introduced in other business units.

All business units implemented action plans to manage the contractor safety, which delivered a significant reduction in the level of injuries and accidents.

Polyus seeks to initiate positive changes based on continuously improving the entire value chain. We launched a pilot project to conduct on-site HSE, safety, and environmental protection inspections of procurement participants. We successfully completed the first stage of implementation, during which a draft methodology and tools were developed to verify the HSE management system for potential contractors.

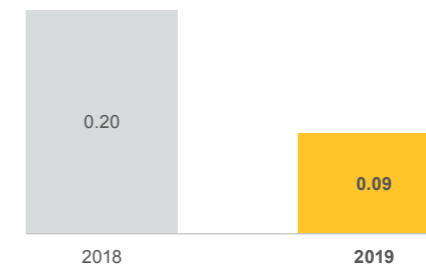
In 2019 we equipped 93% of the contractor transport (passengers and dangerous cargo transport) with on-board vehicle monitoring systems, and 98% of contractor transport with three-point safety belts. We performed comprehensive inspections of all Logistics service contractors.

For contractors, the injury rate declined from 0.20 in 2018 to 0.09 in 2019 – a drop of 45%. The key risks of injuries for contractors are the same as for Polyus employees.¹

Safety data collected from our contractors indicated that they have seen a steady and significant decline in the LTIFR over two years.

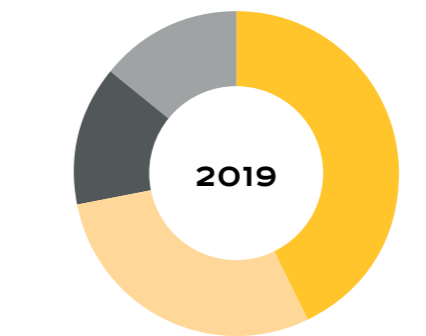
GRI 403-9

LOST TIME INJURY FREQUENCY RATE (LTIFR) AMONG CONTRACTORS, PER 200,000 HOURS WORKED, 2018-2019²



In 2019 no fatal accidents were recorded among the company's contractors.

MAIN CAUSES OF ACCIDENTS AMONG CONTRACTORS



Falls from height	43%
Falls from the first level	29%
Hit by an object	14%
Accident	14%

In 2019, road accidents among contractors declined significantly, by 14% compared to 2018, and no major road traffic accidents were recorded. The number of accidents related to drunk driving fell (five cases in 2018, against one in 2019). Since 2015, no work-related fatal accidents have been recorded among our contractors.

In 2019 Polyus developed video materials for contractors to familiarise them with Golden Safety Rules and the Safety in road transport, Passenger Safety and Health Protection courses. Some 95% of contractor employees underwent training on the Minimum Unit in the Field of Health and Safety course. Also, 97% of contractor driving staff engaged in transporting dangerous goods and passengers were trained in defensive driving.

During the year we drafted guidelines to perform HSE audits of potential contractors during the procurement stage.

In 2020 we plan to develop a work at height safety training programme, produce a video and organise training (30% coverage) for contractors. We also intend to conduct a HSE leadership training for contractors.

We will continue to implement a new version of the Contractor Safety Management Standard at Olimpiada and Blagodatnoye as a pilot project. We will also develop the contractor selection procedure – run by the HSE management system office – and field audits.

In addition, we will engage contractors performing work related to construction and installation, hazardous cargo, and passenger transport in the work/service risk assessment process and prepare a draft of Works Execution Safety Analysis. We will also begin developing contractor HSE motivation programmes for high-risk services.

¹ The Polyus key risks of injuries for employees are listed in Management approach section.

² Polyus has been collecting data on contractors since 2017, but transparency of the process was reached in 2018.

HEALTH AND SAFETY CONTINUED

EMERGENCY PREPAREDNESS

G4 DMA

Polyus regularly implements measures to prevent emergencies, whether natural or caused by human error. In line with national legal requirements, Action Plans for the Localisation and Liquidation of the Consequences of Accidents (APLLCA) are annually developed. These contain descriptions of the company's production facilities, the possible causes of accidents, how accidents can change over time and the features of potential accident-related injuries. Each plan sets out respective operational procedures for employees of a facility, as well as the procedure for interacting with state emergency services in the event of an accident.

We seek to ensure that the necessary resources are ready to deal with emergencies of any kind. In 2019 we conducted regular theoretical and practical training at our offices and production sites, and at each business unit, we conducted training to mimic emergency scenarios in quarries and on hydraulic structures. Top management and customer representatives also participate in emergency drills.

Polyus pays close attention to working with contractors on emergency preparedness. In 2019 we worked on implementation of the Emergency Response Force Base building project at Olimpiada. We identified suppliers of equipment, signed contracts, and completed general construction work inside the building and on the adjacent territory. The aim of the construction of the base was to create a unified duty dispatch service. This will reduce the response and arrival times of specialised services (the fire department, paramilitary mountain rescue unit, non-staff mountain rescue team) to emergency sites. At the base it will be possible to conduct training and to prepare these services, rescue operations, physical training, training in working with special breathing apparatus, working at height and evacuation from buildings.

CASE STUDY

ROAD INCIDENT AND MEASURES TAKEN

In May 2019, a minor acid leak in the bodywork of a truck carrying containers with nitric acid on the Epishino-Eruda road was detected. This was due to a crack that formed as a result of the wall of the plastic container grinding against the metal crate, due to adverse road conditions.

Employees called for an additional car with draining devices and emptied the acid into a container. The site of the acid spill was localised, and contaminated soil was collected for disposal by a specialised organisation.

FIRE PROTECTION

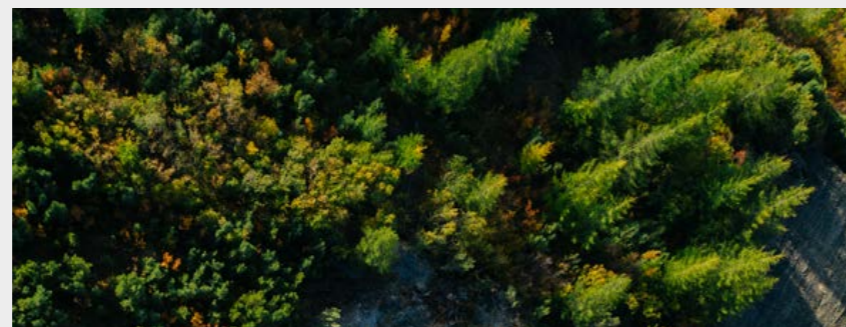
The regions where Polyus operates are often affected by fires. Hence fire protection is an important area of activity for the company. In 2019, business units implemented specialised projects including creating an intelligent fire alarm system and voice warning system at Kuranakh. The current fire alarm and voice warning systems at the facility are functioning, but require significant modernisation in order to eliminate false alarms and centralised voice alerts in each building and structure. The implementation of the programme will significantly reduce the risk of fire by automatically detecting a fire, warning people early about a fire and managing the evacuation process. The specialised organisation Fire Safety Centre, which is accredited by the Ministry of Emergencies to perform fire risk assessments, carried out an independent fire safety audit.

CASE STUDY

FOREST FIRE PROTECTION

A challenging fire situation arose in Siberia and the Far East in 2019. Hence in addition to planned activities, the following were carried out:

- Checking readiness to evacuate people in case of a fire
- Additional checks of household, warehouse, and industrial facilities
- Clearing adjacent territories of combustible material
- Checking the serviceability of fire extinguishing methods
- Conducting unscheduled training on actions to be taken in the event of a fire
- Unscheduled tests of fire water pipes
- Creating a rapid response team to constantly monitor production facilities and surrounding territories
- A complete ban on open fires at facilities and conducting dangerous work without a work permit
- Unimpeded passage through the territory of enterprises of animals leaving areas affected by forest fires



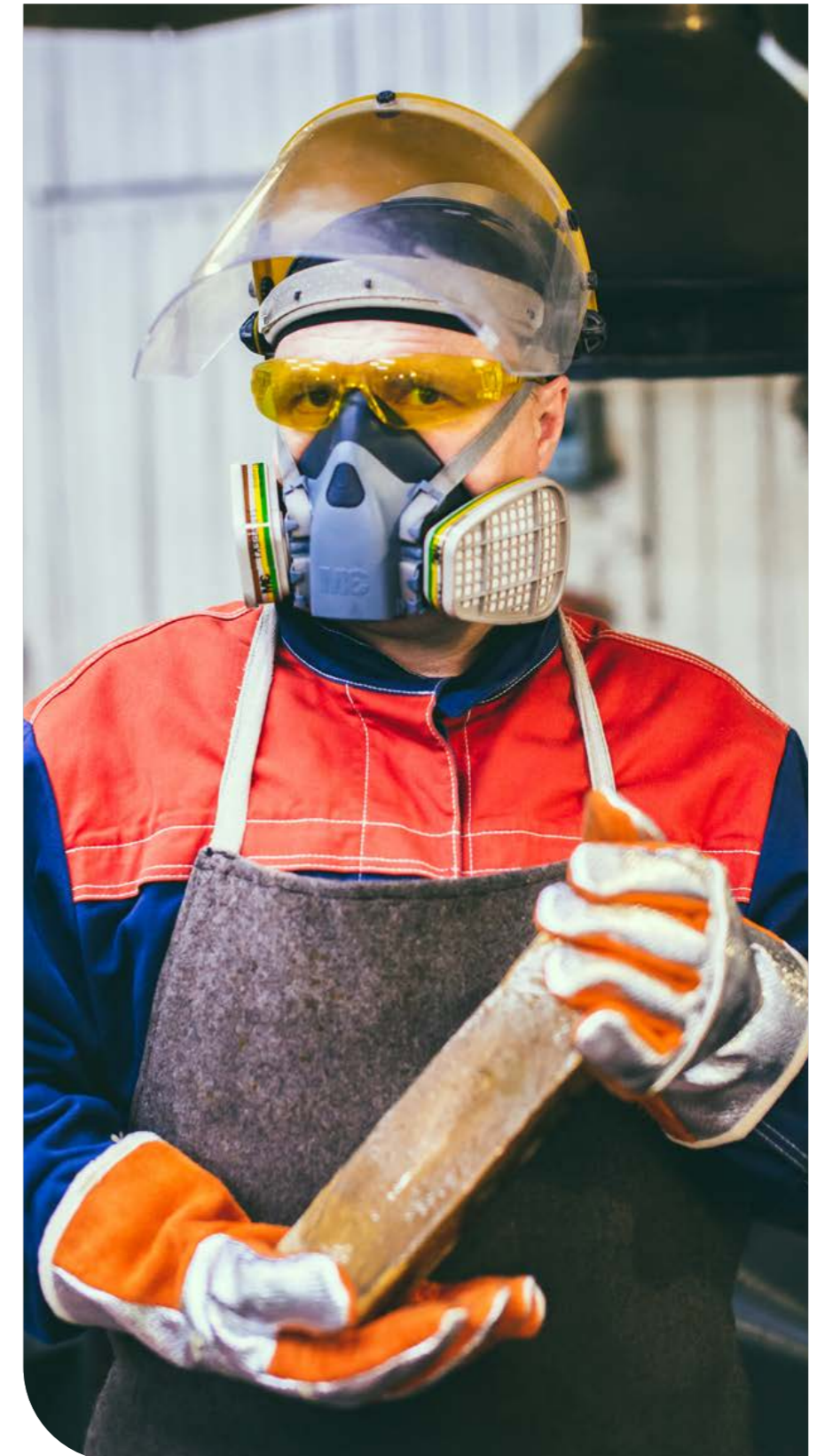
CASE STUDY

COVID-19 PREVENTION PROCEDURES

In Spring 2020, before the Sustainability Report 2019 was issued, the world faced the COVID-19 pandemic. Polyus took urgent action and participated in preventing the spread of the virus, seeking to set the highest standards of itself. The Company established a fund to fight COVID-19 in the Russian Far East, donated medical ventilators to hospitals in the regions of its operation and provided the use of Polyus' facilities for field hospitals.

Moreover, since safety of employees and contractors is one of Polyus' key values, a number of internal additional measures were taken in order to minimise risks during the COVID-19 outbreak. Among others, these measures included mandating working from home where possible, restrictions on travel and launch of a coronavirus awareness campaign.

All Polyus' production assets remained unaffected and were operating without interruption during the pandemic. Regarding the employees whose work cannot be performed remotely, special preventive measures were introduced at Polyus' operations. The Company provided employees with personal protective equipment, performed health checks on arrival and temperature screening for all staff and contractor employees, organized access to mental health services. Increased hygiene measures included daily disinfection of areas and equipment. Quarantine zones were established at all operating assets in the event that any worker develops COVID-19 symptoms. Updating information on Polyus' ongoing initiatives on COVID-19 prevention is available on our [web site](#).



HEALTH AND SAFETY CONTINUED

HEALTH PROTECTION

GRI 403-6

At Polyus we take the health of our employees extremely seriously. In 2019 we paid close attention to the following key issues: preventing occupational diseases, and reducing the number of fatalities caused by non-occupational cardiovascular diseases. The Polyus health concept comprises three key areas, which determine the actions to be taken in the health protection process.

POLYUS HEALTH CONCEPT



GRI 403-3

Industrial sanitary and hygiene conditions

- Special workplace assessments
- Monitoring hazards in the workplace
- Catering audits
- Water regime
- Disinfection, disinsection, and deracination

Occupational health

- Preliminary, periodic, and daily MedChecks
- Health insurance
- Emergency responses and medical evacuation
- BU Medical support
- CPR & First Aid education

Wellbeing

- Health training
- Flu and tick-borne encephalitis vaccination
- Medical education

To attain these goals, we concentrated on implementing proactive measures and elaborated extensive action plans on health issues. These were customised for each business unit and support service, and comprised four main sections:

- Conducting preliminary, periodic, and pre-shift medical examinations.
- Rolling out the Daily Digital MedChecks Project.
- First-aid training for at least 20% of employees.
- Updating emergency medical response plans.

Due to the measures taken to improve working conditions at Nataika, nine class 3.4 workplaces were recategorised to 3.3.

GRI 403-6

Polyus provides voluntary medical insurance for employees. As part of the insurance program, employees have access to outpatient and hospital care, ambulance and dental services. The insurance also covers psychological assistance, the purchase of necessary medicines and access to the first-aid station.

For several years the Healthy Heart Programme has been running. Employees undergo mandatory ultrasound examinations of the heart and blood vessels of the head and neck, and, based on the results, can be sent for ultrasound tests of the upper limbs. This programme is compulsory for workers aged over 40.

GRI 403-7

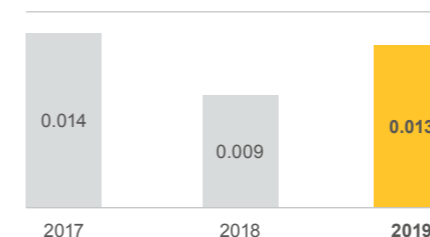
In 2019, we continued to implement the Daily Digital MedChecks Project. Automated medical systems proved their effectiveness in previous years, especially in eliminating the human factor during medical examinations. Certain groups of workers regularly undergo daily pre- and post-shift medical check-ups. The Daily Digital MedChecks Hub Project is also aimed at boosting the effectiveness of check-ups. Our new digital MedChecks system modules assist in conducting health examinations and in detecting incidences of alcoholic intoxication.

In 2019 we increased the number of automated medical examinations modules to 86. These cover 98% of pre-trip and pre-shift medical examinations of all employees subject to examination. The remaining 2% of employees are inspected manually. We are planning to launch the Polyus Hub, a special platform for collecting and analysing medical information from Digital MedChecks. The launch of the hub will facilitate the development of medical projects in future.

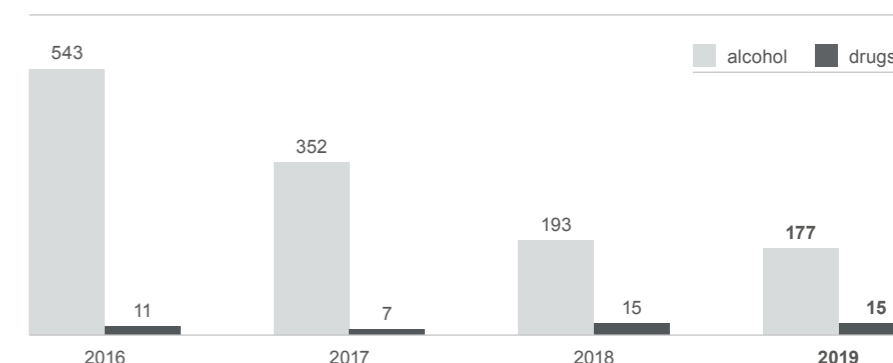
GRI 403-10

Unfortunately, in 2019 three cases of hand-arm vibration syndrome (HAVS) among drivers were identified. If possible, employees with identified occupational diseases are transferred to other jobs; if not, a disability status is issued.

OCCUPATIONAL DISEASE RATE¹



NUMBER OF EMPLOYEES FOUND TO BE UNDER THE INFLUENCE OF ALCOHOL OR DRUGS



In addition to the work performed to prevent occupational diseases, Polyus implemented the following activities in 2019:

- Medical training in accordance with the best international practices was provided to four Polyus health specialists.
- 3,869 employees were vaccinated against flu and 222 against tick-borne encephalitis.
- 2,100 first aiders were trained. These employees are able to provide first aid before an ambulance arrives. This has helped reach the goal of 3,971 (20%) company employees trained in first aid.

Polyus adopts a principle of zero tolerance towards alcohol and drugs; this stance is regulated by the **Substance Abuse Policy**. We achieved positive results due to extensive work carried out in this area, including improvements to the company's safety culture level, implementing an automatic medical examination system, and randomly screening staff. Violations of our alcohol/drug addiction policy have halved over two years.

GRI 403-6

The company carries out activities aimed at identifying risk factors: obesity, bad habits and chronic diseases. In 2020 we plan to implement a programme to reduce cardiovascular disease (CVD) risk. This includes tracking the number of sick leave days, the number of diseases and the fatality rate of employees from diseases outside the company's territory – and global trends and risks. The process is organised and monitored by the management of a business unit. Any cause of CVD is analysed and closely monitored by occupational health experts. We organised CVD risk assessments following preliminary/regular medical examinations and set up appropriate health groups. During pre-trip and pre-shift medical clearance, employees in cardiovascular risk groups undergo special, more extensive check-ups.

Thanks to additional cardiovascular and oncological screenings of employees at Olimpiada, Kuranakh, Nataika and Verninskoye, cardiovascular mortality is still not the chief health issue at Polyus (there were six related fatalities in 2018, and only one in 2019). Worker fatalities halved over two years, due to the launch of a project to conduct additional medical examinations and the automated controls of admissions to and from shifts.

In 2020 we plan to update the medical support and organisation of emergency medical care standard.

¹ The occupational disease rate is calculated as the total number of occupational disease cases divided by the total hours worked, and multiplied by 200,000

HEALTH AND SAFETY CONTINUED

PLANS FOR 2020 AND THE MEDIUM TERM

Polyus will continue to implement measures to ensure the occupational safety and health of workers. The company annually sets H&S key performance indicator targets. To attain these KPIs during the next reporting period and in the medium term, the company plans to introduce the following initiatives:

FRAMEWORK OF DOCUMENTS

- Testing SAP EHS and updating documentation following a trial operation
- Developing standard operating procedures for routine electrical equipment operations in business units
- Elaborating guidelines for organising high-risk work (at hazardous production facilities).
- Updating HSE Risk management, HSE MS and behavioural audit standards.

CORPORATE TRAINING

- Updating the injury prevention training programme for employees.
- Incorporating audio and video recordings in training related to hazardous operations
- Creating an educational training video on the safe execution of top-20 high-risk operations

MANAGEMENT INVOLVEMENT

- The personal participation of managers in audits of key injury risks: work at height, work on electric installations and maintenance involving contact with rotating equipment
- The personal participation of managers in training on working at height
- The personal participation of the CEO/ managing directors in the Defensive driving training
- Developing automated remote testing programmes for line managers, to check their awareness of the work permit system

SAFETY

- Continuing with key injury risk programmes
- Developing a motivation programme

HEALTH PROTECTION

- Installing information signs on each overhead power line
- Work to reduce key injury risks within working groups
- Rolling out the CVD prevention programme

CONTRACTORS

- Introducing the updated Contractor Safety Management Standard at Olimpiada and Blagodatnoye; pilot testing and further scale-up to other BUs from 2021
- Training contractors on HSE leadership and providing first aid
- Introducing the contractor selection procedure, run by the HSE management system office, and field audits at Olimpiada and Blagodatnoye
- Elaborating an evaluation system of contractors' work, by calculating their safety rating
- Training contractors on the Environmental protection and ecological safety, Safe performance when working at heights courses, including practical training
- Creating a unified accounting passport for training and qualifications for contractors' employees
- Establishing a unified procedure for conducting checks on the functioning of the HSE management system for procurement procedure participants
- Developing additional HSE motivation programmes





ENVIRONMENTAL STEWARDSHIP

ENVIRONMENTAL PROTECTION EXPENDITURES

\$11 MILLION

OF WATER RECYCLED AND REUSED

94%

SPENT ON BIODIVERSITY CONSERVATION ACTIVITIES

\$310 THOUSAND

ENVIRONMENTAL PROTECTION IS OUR COMMON RESPONSIBILITY

A key Polyus priority is to conduct business responsibly, with a view to safeguarding the environment. We continuously strive to improve our management approach to environmental issues and raise environmental awareness among our people. We minimise the impact of our business activities by operating the corporate Integrated HSE Management System, which provides us with the information and tools we need to be able to manage environmental issues.

GLOBAL SUSTAINABLE DEVELOPMENT GOALS



ICMM SUSTAINABILITY PRINCIPLES



ICMM POSITION STATEMENTS

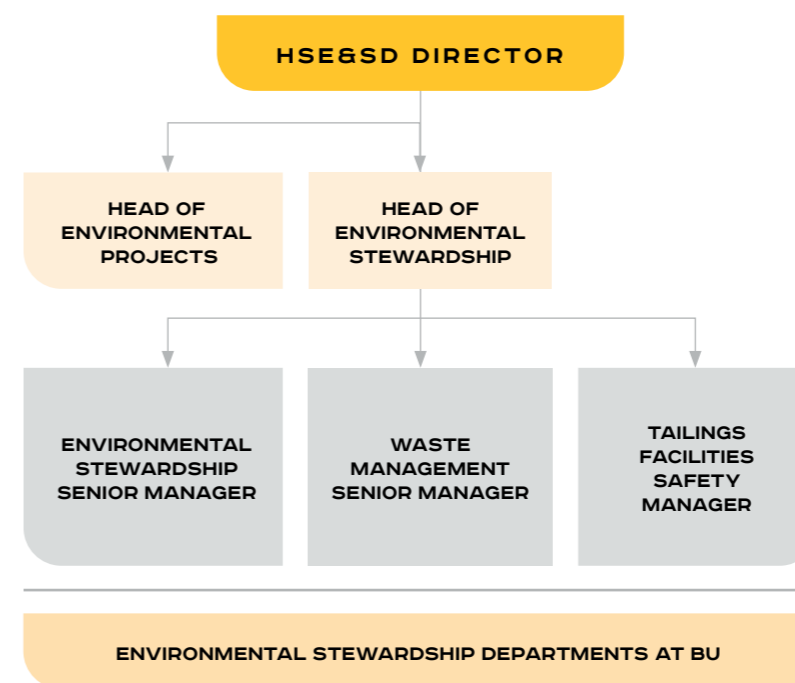


¹ ICMM. Conservation of biodiversity.
² ICMM. Responsible production.
³ ICMM. Environmental performance.

PERFORMANCE AGAINST GOALS

Goal	Status	Summary of progress in 2019
Reducing the specific water intake from natural sources to 0.23 m ³ per tonne of ore.	On track	In 2019 the metric reached 0.26 m ³ per tonne of ore.
Reducing levies for environmental impact over set limits to \$35.5 thousand.	Achieved	In 2019 the metric reached \$13.9 thousand.
90% of environmental permits obtained.	Achieved	In 2019 the metric reached 100%.
Improved disposal rate for tyres and used plastic (50%).	On track	In 2019 the metric reached 33%.

ALLOCATION OF RESPONSIBILITIES



DOCUMENT FRAMEWORK

Internal

- Sustainable Use of Natural Resources and the Prevention of Environmental Pollution Standard
- Biodiversity Conservation Standard.
- Reclamation and Mine Closure Standard
- Cyanide Management Standard
- Environmental Impact Assessment Standard

External

- The UN Global Compact
- ISO 14001
- The International Cyanide Management Code
- The ICMM Integrated Mine Closure Planning Toolkit
- The ICMM Position Statement on Water Stewardship
- The ICMM Mining and Protected Areas Position Statement
- IFC environmental and social performance standards

ENVIRONMENTAL STEWARDSHIP CONTINUED

MANAGEMENT APPROACH

GRI 103

A key priority for the company is to conduct our business so that the environment is safeguarded as much as possible. As a mining company, we fully understand our obligations towards preserving the quality of the environment – and mitigating any adverse impacts from our operations. We do our utmost to comply with environmental legislation and best practices.

In recent years Polyus has developed its **Integrated HSE Management System**. This was initially introduced at all business units and support services in 2016. It includes the Environmental Management System, which allows us to promptly respond to any changes in the environment, thereby enhancing environmental performance.

In 2019, the Environmental Management System was enhanced in accordance with the ISO 14001 Standard. A guideline for assessing the significance of environmental factors was developed and introduced across all business units. In accordance with the guideline, environmental aspect and risk registers for business units were updated.

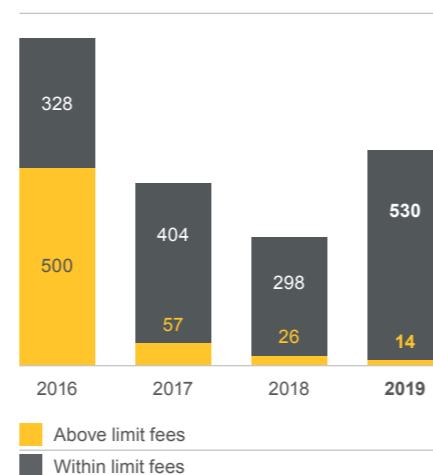
Environmental risk management forms part of our corporate risk management system. In 2019 we completed environmental risk identification assessments at all business units, in accordance with the Hazard Identification and HSE Risk Management Standard. We subsequently created a risk register, which serves as the basis for managerial decisions on the financing of environmental projects.

The voluntary property insurance program provides coverage of Polyus Group expenditures on depollution. Given the most significant environmental damage could hypothetically arise from tailing storage facility failures, Polyus has initiated development of a special programme of environmental impairment liabilities insurance with a limit of \$100 million.

Annual environmental audits are performed by state authorities at Polyus' operations, to ensure that the company complies with the appropriate environmental requirements. In 2019, 14 inspections took place, the most significant of which was a comprehensive environmental audit by Rosprirodnadzor at Verninskoye. No violations were detected by Rosprirodnadzor during the audit.

In 2019, environmental protection measures cost \$11.0 million, up 134% on 2018. Payments related to negative environmental impacts rose to \$544 thousand. Our commitment to preserving environmental quality resulted in zero environmental fines and penalties in 2019.

NEGATIVE ENVIRONMENTAL IMPACT FEES PAID BY POLYUS, \$ THOUSAND



WATER MANAGEMENT AND ACCESS

GRI 303-1 · GRI 303-3 · GRI 306-5

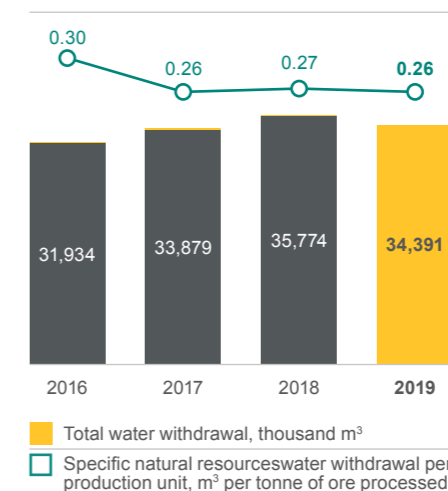
Water is essential to Polyus' operations. Water consumption therefore represents an important environmental aspect of our business; it requires our close attention, which must take into account the development dynamics of our assets. We are fully aware of our obligations in the area of responsible water resource management.

Polyus participated in the ICMM Water Committee working group to implement a water reporting standard (issued by the ICMM in 2017) by responding to member queries (the position on water reporting indicators) and discussing differences between GRI and ICMM water reporting approaches. The enhanced adoption of a consistent approach to water accounting and reporting will be in greater focus for the ICMM in 2020. The minimum disclosure requirement will be revised (under the ICMM Water reporting standard), and more attention will be paid to evaporation, entrainment and other water losses.

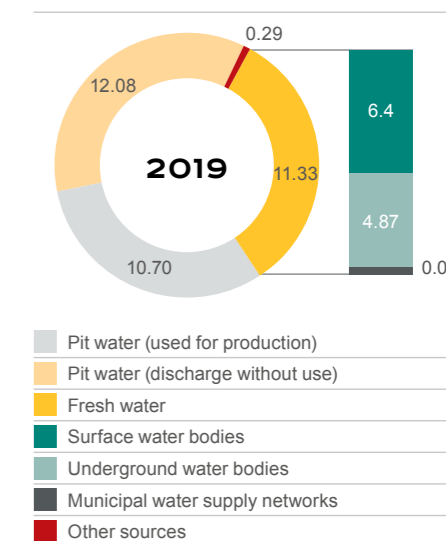
We operate in water-rich regions and avoid risks of water shortages that could affect local communities and the environment. Nevertheless, we still do our utmost to reduce our water intake from natural sources and to increase secondary water usage. We are constantly improving our water management methods so as to reduce water resource consumption; for example, by boosting the use of pit and waste water in the circulation system. All our enterprises operate using a closed water circulation cycle. Water taken from natural sources is used to replenish water circulation systems to compensate for losses (mainly evaporation).

Total water consumption in closed water circulation systems stood at 324 million m³. The share of water reuse was 93.6%. In 2019 the water intake from natural sources per production unit was 0.26 m³ per tonne of processed ore.

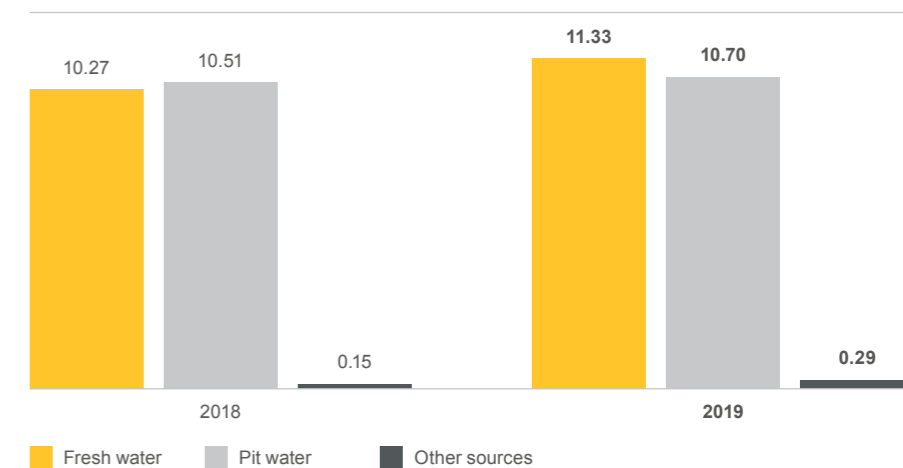
TOTAL AND SPECIFIC WATER WITHDRAWN



STRUCTURE OF WATER INTAKE¹, MILLION M³

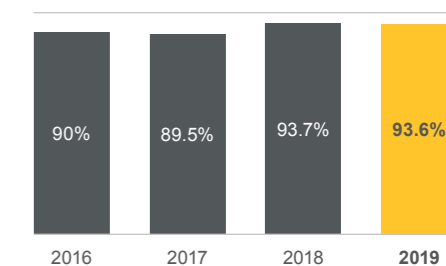


WATER INTAKE FOR PRODUCTION NEEDS, MILLION M³



Polyus monitors water quality and effluent water treatment efficiency to ensure that impacts remain within acceptable limits. Monitoring is performed at laboratories, which we frequently upgrade to maintain the accuracy of measurements. Our work in this area resulted in zero fines and penalties related to water resource management.

PERCENTAGE OF WATER RECYCLED AND REUSED



CASE STUDY

RAISING ENVIRONMENTAL AWARENESS

Promoting awareness among employees is an essential component in efficiently managing environmental issues and minimising the adverse effects of our operations. To develop an environmental culture among employees, a corporate training programme for the mining industry was launched in 2019, comprising three employee levels: workers, engineers, and managers.

The course was devised as part of implementing the Strategy for Developing the Integrated HSE System. It took into account fresh developments in environmental legislation (transitioning to technological standard setting, adopting a risk-based approach, separate waste collection processes, etc), with a focus on gold mining processes.

The programme was uploaded to the Olimpoks platform to automate the review process. In 2019, 943 employees underwent training, comprising:



RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



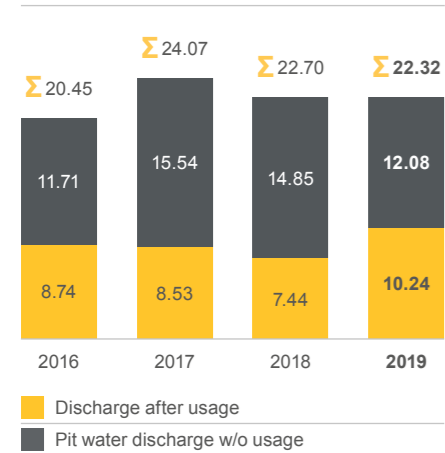
¹ Pit water intake includes part that is not used in production (12.08 million m³) and is discharged.

ENVIRONMENTAL STEWARDSHIP CONTINUED

GRI 303-2 · GRI 303-4

To manage our water-related processes we launched the Water Campaign – a set of managerial and technical initiatives to reduce the intake of fresh water through the leakage prevention in the water supply systems and efficient use of waste water.

TOTAL WATER DISCHARGED¹, MILLION M³



A large proportion of discharged water constitutes mine drainage (pit dewatering) that was not used in production. In 2019 the discharge of pit water exceeded waste water discharges, and stood at 12.1 million m³, compared to 10.2 million m³ of waste water.

CASE STUDY

WATER CAMPAIGN

As part of its Water Campaign, Polyus implemented informational, technical, and metrological activities at its facilities, as well as control and supervision activities to reduce water losses and the intake of fresh water. In 2019 these included:

- At Kuranakh: inspecting shut-off valves at water and slurry pipelines.
- At Olimpiada and Blagodatnoye: installing an ultrasonic flow meter at the discharge unit at the Kokuysky coal mine, starting pit water treatments design for Blagodatnoye.
- At Nataalka: installing new metering devices in factory divisions and automatic mixers in water consumption areas.
- At Alluvials: various measures to prevent the pollution of water protection and coastal zones of water bodies, as well as the pollution of water resources by oil products.

Polyus also built a biological treatment facility for sewage and surface water flows at the Logistics service.

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:

AIR EMISSIONS

GRI 305-7

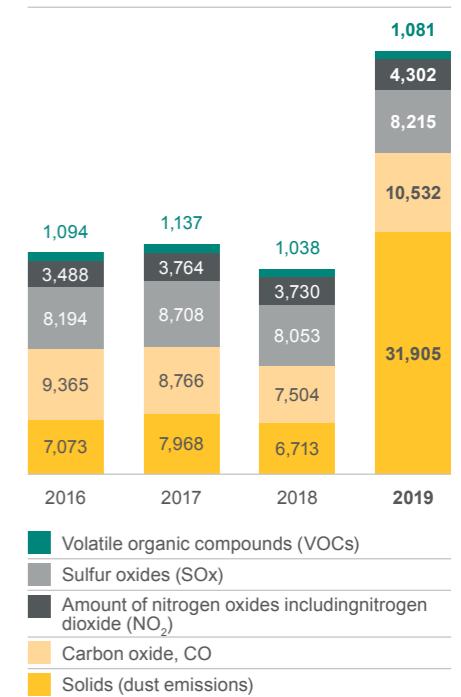
Air pollution is an important issue for local communities, and Polyus pays close attention to air quality monitoring. In 2018 a new mobile environmental laboratory for measuring the concentration of air pollutants was commissioned at Olimpiada. The laboratory measures concentrations of various components generated by our mining activities: nitrogen oxides, sulphur oxides, carbon oxides, as well as hydrocarbons.

In 2019, air emissions at our assets did not exceed the maximum permissible limits. However, emissions of significant pollutants were up relative to 2018, as a result of production growth. Carbon monoxide emissions increased slightly, caused by mining works intensification during the initial formation of dumps at Nataalka. Specific emissions (per tonnes of processed ore) of other key pollutants (sulphur oxides, nitrogen oxides, volatile organic compounds) demonstrate a continuous three-year downward trend.

Intense dust emissions at Nataalka are caused by dump formation works, as well as the relatively shallow pit and high intensity of blasting works at the initial development stage compared to previous year. Consequently, dust emissions throughout Polyus abnormally increased in 2019. In 2020, this indicator is expected to revert to the average values of previous periods following completion of Vostochny dump construction at Nataalka.

The only dangerous substance emitted into the atmosphere at our plants is hydrocyanide. All our enterprises are equipped with highly efficient systems for trapping and purifying exhaust gases from hydrocyanide. In 2019 the total volume of hydrocyanide emissions at all enterprises was 333 tonnes.

SIGNIFICANT AIR EMISSIONS, TONNES



¹ Used water and unused pit water.
² ICMM. Environmental performance.

ENVIRONMENTAL STEWARDSHIP CONTINUED

WASTE MANAGEMENT

GRI 306-2

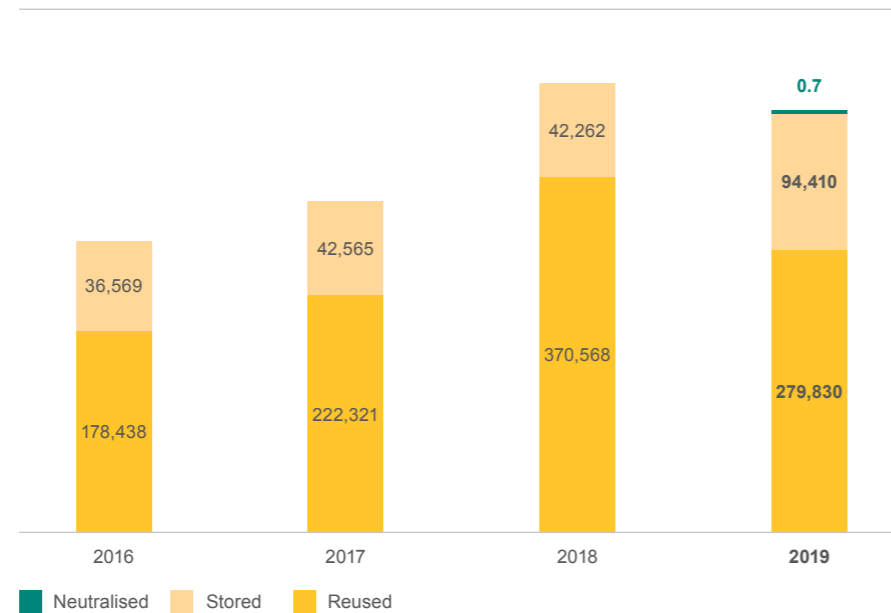
Improving waste management is another focus area for Polyus, since considerable amounts of waste are generated during a mine's life cycle. Since 2019, the landfilling of certain types of plastic waste has been prohibited in Russia; hence Polyus pays special attention to the handling of plastic waste. In 2019 several waste management initiatives were launched:

- A waste disposal and recycling facility was launched at Olimpiada; construction was completed in 2018. The facility includes a plastic grinder and tyre shredder.
- A new landfill project for the disposal of industrial and municipal waste at Kuranakh.
- A bio-testing laboratory at Kuranakh received accreditation in December 2019.

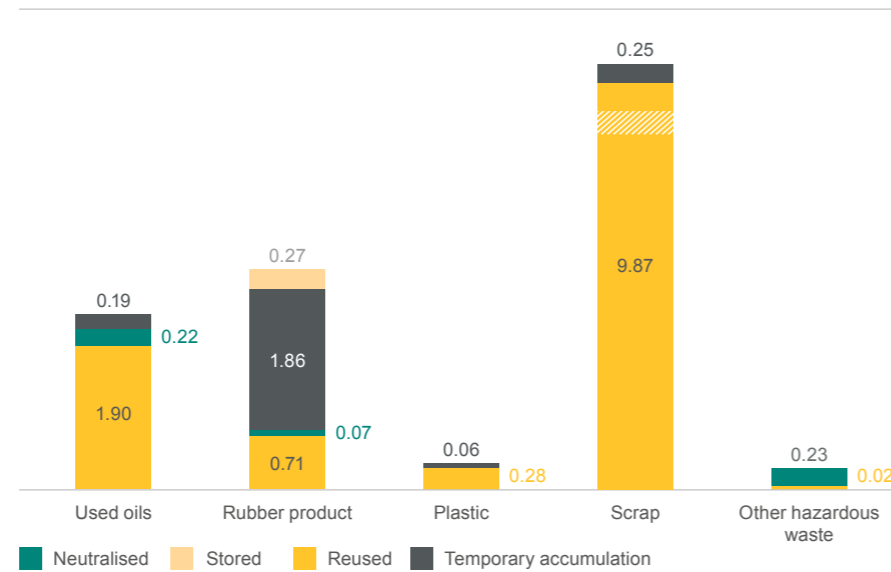
Due to a change in Russian environmental law in March 2019, we were forced to temporarily suspend the use of overburden in mining and technical land reclamation activities. Currently, overburden is accumulated at specially organised sites, in full compliance with environmental law.

Since overburden and tailings are specifically mining waste, we also disclose the volume of generated and stored waste separately from total waste. The volume of recycled overburden and tailings waste can be calculated by subtracting the stored figure from the generated figure.

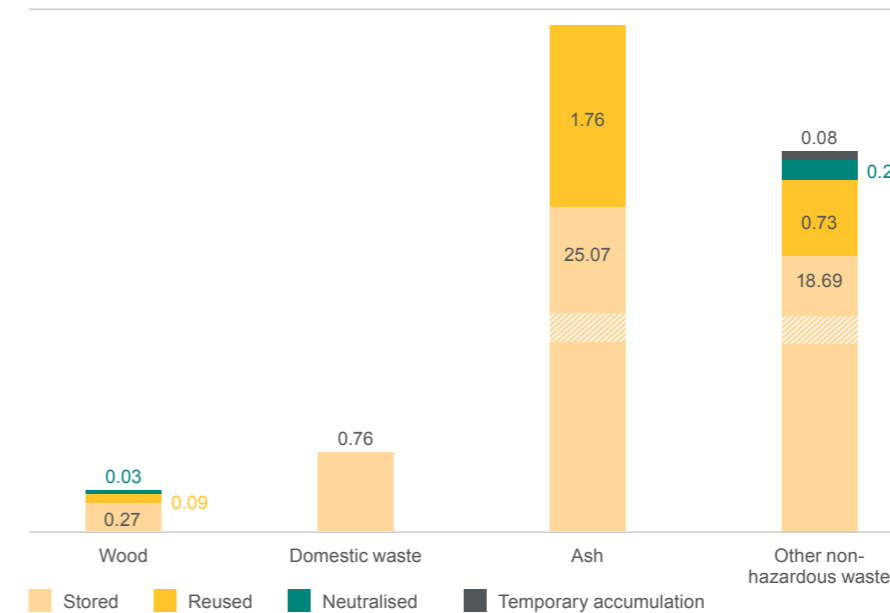
WASTE REUSED, STORED AND NEUTRALISED¹, THOUSAND TONNES



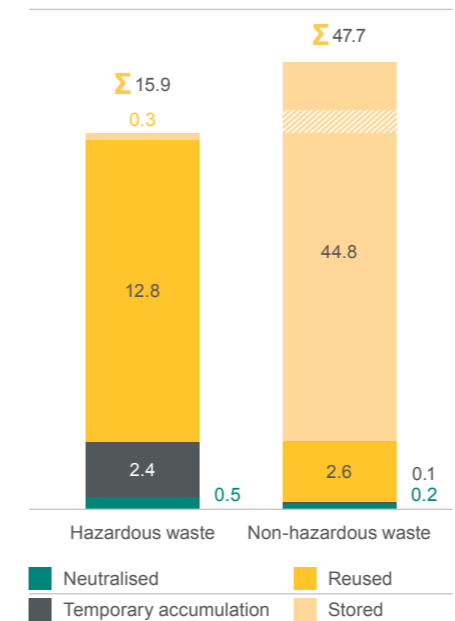
TREATMENT METHODS OF HAZARDOUS WASTE, THOUSAND TONNES



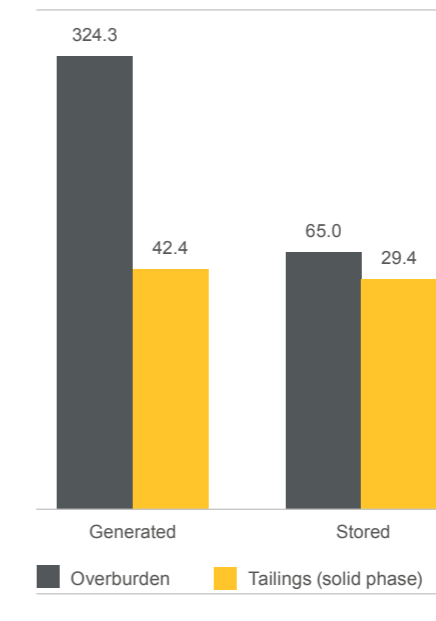
TREATMENT METHODS OF NON-HAZARDOUS WASTE, THOUSAND TONNES



TREATMENT METHODS OF HAZARDOUS AND NON-HAZARDOUS WASTE², THOUSAND TONNES



TOTAL VOLUME OF OVERBURDEN AND TAILINGS WASTE, MILLION TONNES



¹ Data on 2016-2018 include waste stored and reused at own facilities only. For the 2019 data Polyus changed the approach and included figures of waste transferred to contractors for storing (2,530 tonnes), reuse (10,733 tonnes) and neutralization (504 tonnes) into total values of waste stored, reused and neutralised. For the data on waste transferred to contractors in 2016-2018 see Polyus Sustainability Report 2018 (www.polyus.com/upload/iblock/d18/polyus_sustainability_report_2018_eng_1_.pdf).

² Non-hazardous waste (total – 47.68 thousand tonnes): wood, domestic waste, ash; Hazardous waste (total – 15.93 thousand tonnes): used oils, rubber products, plastic, scrap. Except tailings and overburden

ENVIRONMENTAL STEWARDSHIP CONTINUED

DAMS AND TAILINGS FACILITIES

GRI G4-MM3

Tailings are an unavoidable by-product of gold mining operations. It is essential for Polyus to ensure that Tailings Storage Facilities (TSF) are safe, and prevent them from leaking or becoming damaged. Tailing materials consist of finely ground rock particles, chemicals necessary for extracting gold, and effluents generated in a processing plant. Since contaminating the environment with these components could significantly impact a region's ecology, we pay special attention to tailings safety.

As an ICMM member, Polyus fully supports the ICMM Position Statement on Tailings Governance. We work closely with ICMM organisations on the text of the standard for the safe management of TSF, including taking part in internal discussions on possible implementation methods.

Polyus strives to minimise any tailings-related environmental risks. Our TSFs are located in remote and inaccessible areas, far from human settlements. We minimise contact between tailing components and the environment by incorporating specific TSF designs. All Polyus TSFs have received the necessary required permits

and appraisal documentation from the Russian regulators. They have also been certified by independent international expert organisations. In 2019, no tailings-related environmental incidents were registered.

We have developed a comprehensive monitoring system, which includes internal and external industrial and environmental monitoring, as well as safety inspections performed once a year by the HSE&SD team. In 2019 a number of checks were conducted to review TSF safety:

- 25 internal audits
- five target audits by HQ HSE&SD
- one target audit by HQ Internal Audit
- 11 external audits by Rostekhnadzor

During a site visit by independent consultants, no visual signs of immediate dam failure were identified. The consultants presented a report, which included recommendations on expanding the monitoring system in accordance with contemporary technologies and best practices. The report was presented to the Board of Directors, and a decision was taken to consider the recommendations when planning further work.

CASE STUDY


MINING AND TAILINGS SAFETY INITIATIVE

After the environmental disaster at the Brumadinho tailings dam (Brazil) in January 2019, the investment community called for the establishment of a new publicly accessible and independent international standard for tailings dams.


In April 2019, over 100 investors representing the **Mining and Tailings Safety Initiative**, and co-led by the Church of England Pensions Board and the Swedish AP Funds Council of Ethics, requested that specific dam-by-dam disclosures be made by more than 600 companies.

Polyus fully supports this initiative, as it corresponds to our wish to ensure the safety of tailing storages. We responded to the investor group by providing comprehensive disclosures of all requested information in the TSF Safety Report, which is publicly available. For details see our Sustainability blog: <http://polyus.com/en/sustainability/blog/>.

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



ICMM
Water stewardship



ICMM
Tailings governance

¹ ICMM. Environmental performance.

CYANIDE AND HAZARDOUS SUBSTANCES MANAGEMENT

Polyus ensures the safety of activities related to working with cyanide and other hazardous substances by investigating thorough controls, strictly adhering to internal and external regulations and raising employee awareness. Management processes at business unit level comply with the corporate **Cyanide Management Standard**. This regulates our procurement operations and interactions with suppliers – and also ensures compliance with the International Cyanide Management Code (ICMC).

In 2018 we completed a diagnostic audit at Verninskoye to demonstrate that we complied with the International Cyanide Management Code. The audit scope covered cyanide transportation routes in the Irkutsk Region for storage facilities at Verninskoye. The audit was successfully passed and the results were included in the 2019 Action Plan. Most activities relate to organising document flows and the submission of documents to the auditor. A major Action Plan event was the purchase of a weather station for Verninskoye, to enable decisions to be made based on the most accurate data. We are planning to perform a certification audit at Verninskoye in the summer of 2020.



ENVIRONMENTAL STEWARDSHIP CONTINUED

BIODIVERSITY MANAGEMENT

GRI 304-1 · GRI 304-3 · GRI 304-2 · GRI 103

Mitigating environmental impacts on biodiversity is essential to maintaining the quality of the environment in our regions of operation. Polyus ensures biodiversity protection in several ways, including wildlife preservation programmes, working with scientific institutions and government agencies and adhering to internal regulatory documents. The company complies with the ICMM Good Practice Guidance for Mining and Biodiversity as well as the International Finance Corporation's Biodiversity Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resources.

The biodiversity in the areas of our business activities is primarily influenced

by the landscape separation by industrial facilities. Industrial sites, roads and quarries with steep slopes exclude vegetation overgrowing and animal habitat. Dumps accumulate large amount of heat and thus increase daily temperature fluctuations affecting species composition and number of organisms in the area. There is also direct dusting impact caused by dumps formation and blasting works. A vegetation analysis however did not reveal its obvious inhibition, which indicates the neutral nature of dust deposits.

Biodiversity management at Polyus is regulated by the corporate Biodiversity Conservation Standard. We perform detailed biodiversity studies and

monitoring of adjacent territories, in collaboration with local scientific institutions at all stages of the mining projects. The results – biodiversity data and conservation plans – are shared with stakeholders.

Polyus does not have any operations in world heritage sites or in nature reserves protected by the regional or federal government. Biodiversity studies identified in total 13 species included in the national conservation list (Red Book, federal and regional level) in the vicinity of mining facilities. Our activities do not affect any of these species. We actively prohibit poaching, hunting, and fishing activities by our employees and contractors in nature reserves and regions of operation.



GRI 304-4

CASE STUDY

BIODIVERSITY ACTIVITIES

Compensating for any adverse impacts resulting from our activities is an integral part of our environmental activities. The main measures implemented by Polyus to conserve biodiversity include studying and assessing biodiversity in our regions of operation, monitoring biodiversity levels and various compensation activities.

\$310 POLYUS SPENDING ON BIODIVERSITY CONSERVATION ACTIVITIES IN 2019

Olimpiada and Blagodatnoye

We worked with a scientific institution to assess the impacts of our activities on biodiversity. The results identified a list of local plant species (including the national conservation list species – *Cypripedium calceolus L.*), as well as small mammals and insects. It was also noted that mining and processing activities at Olimpiada are concentrated in a limited area (8km radius) and have a technogenic impact on the environment and biodiversity. A floristic survey of the area around Olimpiada revealed in total 177 plant species, including 153 species of higher vascular plants, 14 species of mosses, and ten species of lichens. 34 mammal species and 117 bird species were detected during the study in 2019. One micromammalian species – water vole was spotted for the first time near the Olimpiada mine site. As part of fish compensation measures, Olimpiada and Blagodatnoye released 39,125 juvenile Siberian starlet (*Acipenser baerii*) into the Yenisei River.

Kuranakh

Polyus monitors the environments surrounding the Bolshoy Kuranakh River and nearby dumps. During the surveys 70 species were identified on dumps. No conservation list (rare, vulnerable, endangered) species were found within the Kuranakh ore field. Hydrobiological monitoring data indicate that Polyus activities at Kuranakh have no strong negative impacts on the biodiversity level in adjacent territories. As part of fish compensation activities in 2019, Polyus released 294 thousand peled fry (*Coregonus peled*) into the rivers of Aldan region.

Verninskoye

Following field studies on the territory of Verninskoye and reference sites, scientific institute experts demonstrated that the ratio of functional groups of plants on those territories had been preserved: in total, 265 species of vascular plants from 150 genera and 52 families were identified. Very high diversity of birds was spotted in a proximity to the mining site – 148 species of birds and 27 species of mammals were detected with the vole dominance. As part of fish compensation activities, Polyus Verninskoye released 58,691 juvenile whitefish (*Coregonus sp.*).

Natalka

The long-term field studies have been performed at Natalka since 2008 with the special focus on ornitofauna and water invertebrates as the impact indicator species. In 2019 27 taxons of water invertebrates were detected in rivers Intrigan and Omchak which is more than in 2017 and 2015 (15 and 17 taxons respectively). The sensitive invertebrate communities showed high biodiversity indexes and its species composition in 2019 was quite similar to the undisturbed conditions in 2008-2009. As part of fish compensation activities Polyus released 247 338 *Coregonus peled* fry in the Buyunda river.

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



ICMM
Protected areas

Polyus does not have any operations in world heritage sites or in nature reserves protected by the regional or federal government. Biodiversity studies identified in total 13 species included in the national conservation list (Red Book, federal and regional level) in the vicinity of mining facilities. Our activities do not affect any of these species. We actively prohibit poaching, hunting, and fishing activities by our employees and contractors in nature reserves and regions of operation.

¹ ICMM. Environmental performance.

² ICMM. Conservation of biodiversity.

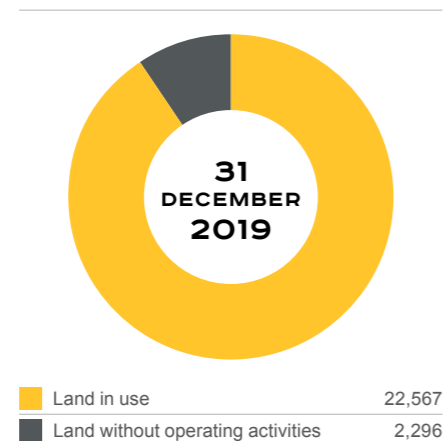
ENVIRONMENTAL STEWARDSHIP CONTINUED

LAND CONSERVATION

GRI MM10

Our core mining activities oblige us to comprehensively rehabilitate disturbed land in our regions of operation. When developing new projects, we make considerable efforts to preserve landscapes and to reduce the area of disturbed land. During the later stages of projects, we endeavour as far as possible to restore sites to their natural state. In the final stages, we close respective sites in accordance with our corporate Reclamation and Mine Closure Standard. This establishes the key principles and approaches of planning and organising work related to the closure of sites, and ensures compliance with Russian legal requirements, ICMM sustainable development principles, and the provisions of the ICMM Integrated Mine Closure Planning Toolkit.

DISTRIBUTION OF LAND DISTURBED AND NOT REHABILITATED, BY CATEGORIES OF USE, HA

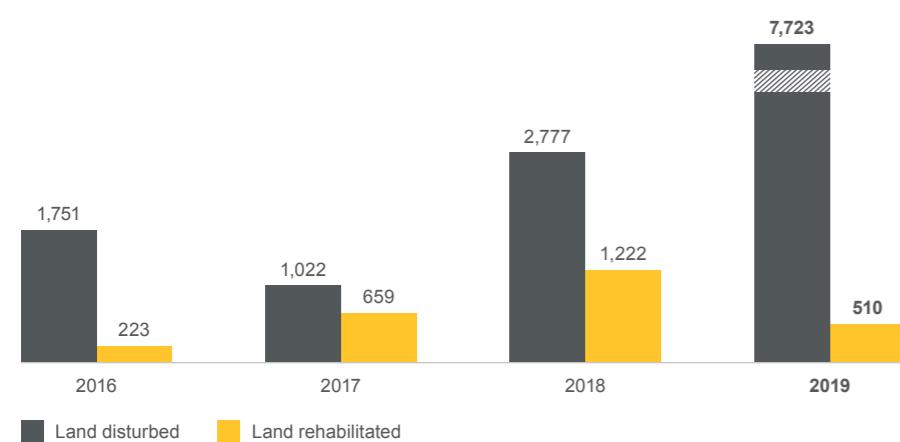


PLANS FOR 2020 AND THE MEDIUM TERM

Polyus identified the following operational tasks for 2020 and the medium term:

- Implementing water R&D projects
- Implementing a project to use pit water in the water circulation system and to clean pit water at unloading sites
- Optimising management process at landfills for industrial and household waste (Olimpiada, Blagodatnoye, Verninskoye, Kuranakh, and Nataalka)
- Upgrades to environmental laboratories (Verninskoye, Kuranakh, and Nataalka)
- Developing an end-to-end monitoring and control system to ensure safety of hydraulic structures

TOTAL DISTURBED AND REHABILITATED LAND, HA





ENERGY AND CLIMATE CHANGE

REDUCTION IN CARBON INTENSITY VS 2015

45.1%

REDUCTION IN TOTAL GHG EMISSIONS

82.3
THOUSAND TONNES CO₂-E

ENERGY SAVED PER KG OF GOLD PRODUCED

33.9 KWH/KG

RESPONSIBLE ENERGY MANAGEMENT IS ESSENTIAL FOR A SUSTAINABLE FUTURE

Creating a low-carbon and sustainable future is a global challenge – and large businesses play a major role in achieving this goal. We are dedicated to responding to climate change appropriately by altering our energy management approach based on the best sustainability practices.

GLOBAL SUSTAINABLE DEVELOPMENT GOALS



ICMM SUSTAINABILITY PRINCIPLES



ICMM POSITION STATEMENTS

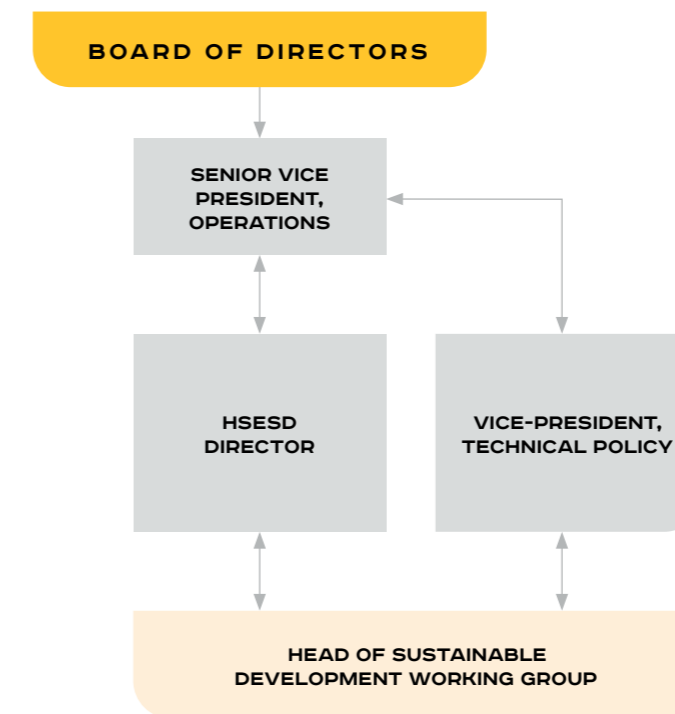


¹ ICMM. Environmental performance.

PERFORMANCE AGAINST GOALS

Goal	Status	Summary of progress in 2019
Carbon intensity per production unit reduction of 15% (2020 vs 2015)	Achieved	The goal for 2020 was achieved ahead of time: the 2019 metric reached 45.1% vs 2015
Own energy generation reduction	On track	A 8.5% decline relative to 2018
Internal energy audits across all business units	On track	Audits are ongoing. Results will be available in the second quarter of 2020
Building a double-circuit 1110-kV Taiga-Olimpiada powerline	Achieved	Construction of the powerline was completed
Building a 220-kV Ust-Omchug – Omchak Novaya powerline	On track	The project will be fully implemented in the second quarter 2020

ALLOCATION OF RESPONSIBILITIES



DOCUMENT FRAMEWORK

Internal

- Sustainable Use of Natural Resources and the Prevention of Environmental Pollution standard
- Energy Policy (Verninskoye)

External

- Recommendations of the Task Force on Climate-related Financial Disclosures
- ICMM Environment and Climate Change work programme
- Greenhouse Gas Protocol Corporate Accounting and Reporting Standard

ENERGY AND CLIMATE CHANGE CONTINUED

MANAGEMENT APPROACH

GRI 103

Mining industry is traditionally carbon intensive, and accounts for around 2% of global energy-related GHG emissions. Hence there is considerable room for improvement. This also means that if mining companies make collective improvements, they can make a tangible contribution to a low-carbon future.

Polyus recognises its obligations in relation to responsible energy management and tackling climate change. We pay close attention to mitigating climate change risks by boosting the energy efficiency of our facilities. To respond to climate change appropriately – and to minimise our impacts – we developed the corporate Energy strategy and established internal environmental KPIs for GHG emissions reduction.

In addition to internal standards and local legislation, Polyus also assesses the recommendations of international frameworks when performing and disclosing its business activities results.

We actively participated in ICMM Climate Change Committee quarterly sessions that discussed the new ICMM Climate Change Position Statement (updated in 2019). The new statement strengthens the mining industry principle of taking proactive steps to reduce GHG emissions and engaging key stakeholders on sustainable development-related challenges. Polyus also voted to support work on R&D projects instead of increasing payments for GHG emissions, since we believe the development of important new technologies will play a crucial role in achieving COP 21 Paris agreement goals.

Energy management and climate change-related issues are regulated strategically by the company's top management and the Board. These, together with other aspects of sustainability, are overseen by Independent Director William Champion.

We are continually improving our levels of disclosure and participate in Carbon Disclosure Project (CDP) assessments. In 2019 we improved our results compared to 2018 by achieving a 'D' score in the 'Climate Change' category. We also participated in CDP surveys for the 'Water security' and 'Forests' categories. In the latter, Polyus received a 'D' score, improving our performance relative to 2018 (F) and was the only top-25 mining company by market capitalisation – and one of the few Russian companies – to respond to biodiversity-related data disclosure requests. We plan to develop further our disclosure approaches in order to achieve better scores, and will strive to maintain a high level of awareness surrounding climate change and to manage this area effectively.

GRI 201-2

AWARD

A CLIMATE DEVELOPMENT LEADER

In September 2019, Moscow hosted the III Climate Forum of cities 2019; a discussion platform of key challenges related to low-carbon progress in Russia. The forum mainly focused on adapting to climate change. Participants also discussed interaction between the state and business and the economy of green technologies. The Climate Forum brought together both Russian and international experts from 26 countries.

As part of the forum, the results of the open national Climate Development Leaders competition were announced; more than 200 projects in six nominations were submitted. Polyus took second place in the 'Ecology and Business: Environmental Projects of Companies in Russia' category, for the Strategic Transition project to build a 220-kV Razdolinskaya-Taiga powerline and a 220-kV Taiga substation. The project resulted in a 518-thousand-tonne reduction in GHG emissions by the end of 2018.



CLIMATE CHANGE AND GHG EMISSIONS

GRI 305-4 · GRI 305-5

CARBON INTENSITY REDUCTION

↓16.1%

ATTAINED IN 2019 VS. 2018

Polyus uses The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (UK) for GHG emissions calculations, which have been conducted and disclosed since 2016. The calculation results are assured by independent auditors. In regard to direct GHG emissions calculation we used emission factors provided by IPCC 2006 Guidelines for National Greenhouse Gas Inventories and global warming potential (GWP) values presented in the IPCC Fourth Assessment Report (AR4). For indirect GHG emissions we used UK Government GHG Conversion Factors for Company Reporting, 2019 and European Bank electricity carbon emission factors for Russia.

Polyus implements initiatives and managerial decisions aimed at decreasing our contribution to climate change. We reduce energy generation at our facilities by connecting them to external power grids. We are also strongly committed to lowering greenhouse gas (GHG) emissions and to boosting energy efficiency.

As part of our wide-reaching ESG programme, we established firm targets to reduce GHG emissions at all our mines. Hence the reporting period saw a 2.7% drop in our generation of GHG emissions relative to the 2018 level, with Olimpiada and Blagodatnoye contributing most to this fall. We also successfully met our 2019 goal to maintain carbon intensity at the 2018 level, despite production growth: we achieved a 45.1% reduction vs 2015, and a 16.1 percent reduction vs 2018.

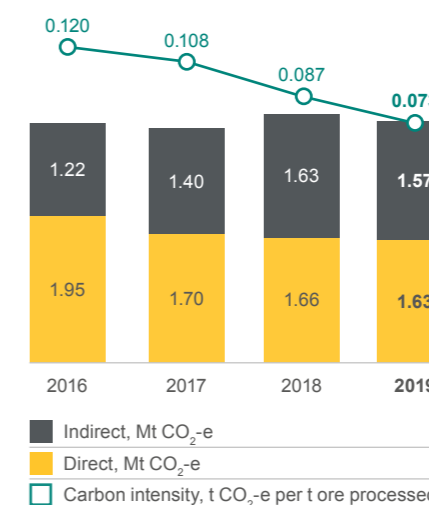
Polyus continues to improve its GHG emissions management system. In 2019 we identified and measured sources of GHG emissions as part of our energy audits, which were launched across all

business units. We expect to complete audits at all business units by 2020 (at the end of 2019 audit procedures were completed at one business unit and there were no specific plans regarding the change of approach to GHG emissions calculation). We plan to improve our managerial approach related to climate change, based on the audit results in 2020.

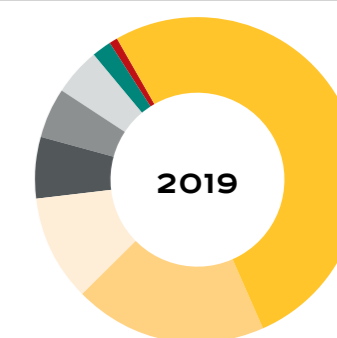
We will continue to improve the quality of our environmental disclosure and will continue working with our peers to help develop new sustainability standards and policies for the mining industry. Polyus has already achieved strong results in its climate action initiatives, but we know there is more that both we and the industry can achieve; we will keep our stakeholders updated as we continue this journey.

TOTAL GHG EMISSIONS AND CARBON INTENSITY^{1,2,3}

GRI 305-1 · 305-2 · 305-4



TOTAL GHG EMISSIONS OF BUSINESS UNITS, KT CO₂-E



Krasnoyarsk BU	1,659
Polyus Energy	620
Kuranakh	334
Alluvials	196
Verninskoye	165
Natalka	151
Logistics service	58
Construction service	25

CARBON INTENSITY OF BUSINESS UNITS⁴

Business unit	Ore processed, kt	Carbon intensity, t CO ₂ -e per t ore processed
Olimpiada and Blagodatnoye	22,913	0.072
Verninskoye	3,035	0.054
Kuranakh	6,882	0.048
Natalka	11,248	0.013

¹ Polyus uses the location-based method for indirect GHG emissions (Scope 2) calculation.

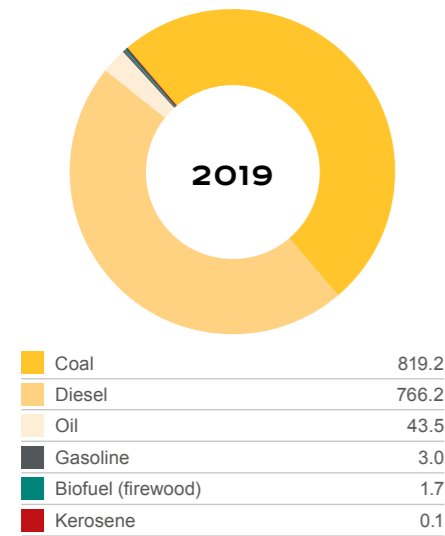
² Indirect GHG emissions (Scope 2) at Natalka are excluded as energy purchased comes from a hydro-electric power plant.

³ Updated direct GHG emissions for 2017-2018 due to fuel consumption adjustments.

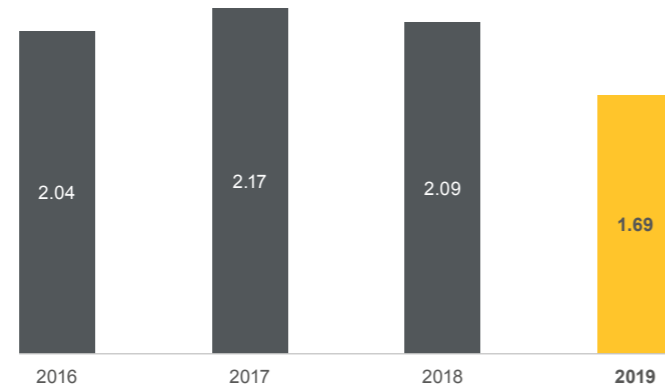
⁴ Only mining business units included.

ENERGY AND CLIMATE CHANGE CONTINUED

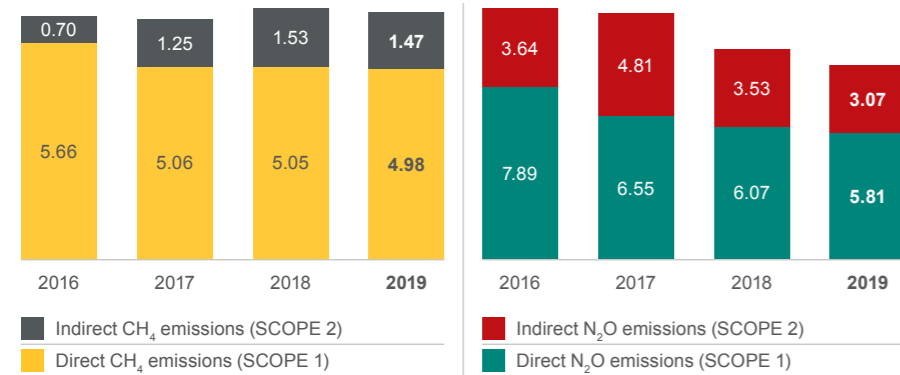
TOTAL DIRECT GHG EMISSIONS BY FUEL TYPE, KT CO₂-E



GHG EMISSIONS OF USING BIOFUEL (FIREWOOD) AS AN ENERGY SOURCE, KT CO₂-E



DIRECT AND INDIRECT EMISSIONS OF CH₄ AND N₂O, KT CO₂-E



ENERGY MANAGEMENT

GRI 302-1

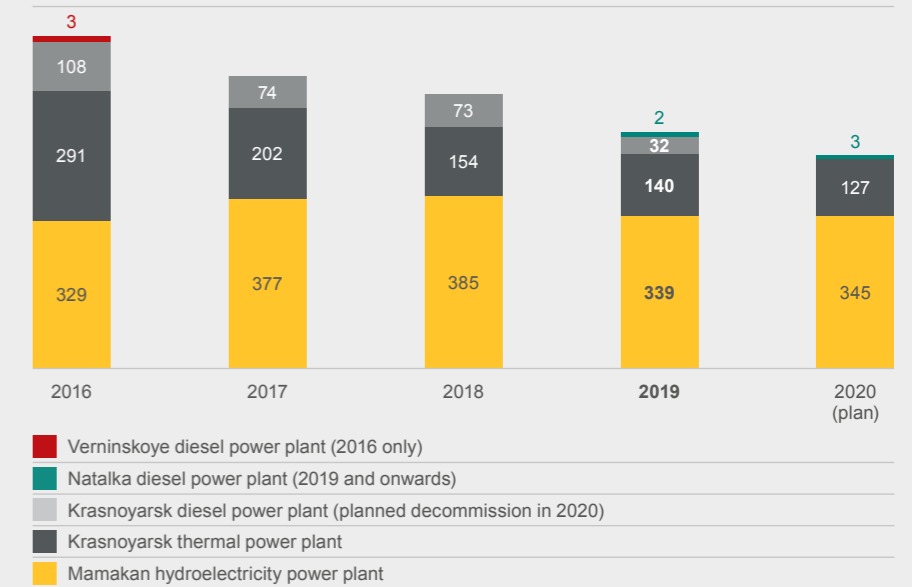
CASE STUDY

RENEWABLE ENERGY IN OWN GENERATION

Polyus understands the important role played by renewable energy in achieving a lower-carbon, sustainable future. As a company with energy-intensive activities, we work hard to introduce renewable energy to the power grids of our facilities.

Our solution involves boosting the use of hydro-electric power plants (mostly the Mamakan plant) to supply our facilities. We carry out measures to raise the percentage of renewable energy in our generation system. In 2019 Polyus achieved a value of 66% (63% in 2018) of renewable energy in total electricity generation, or 339 million kWh. We plan to raise our proportion of renewable energy to 73% by 2020.

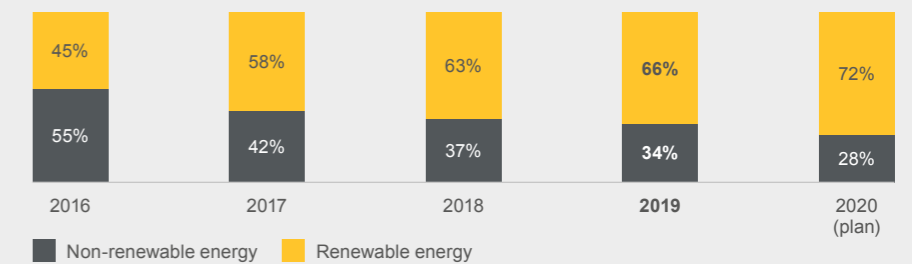
POLYUS ELECTRICITY GENERATION, 2016-2020, MILLION KWH



RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



SHARE OF RENEWABLE ENERGY IN ELECTRICITY GENERATION OF POLYUS



¹ ICMM. Environmental performance.

ENERGY AND CLIMATE CHANGE CONTINUED

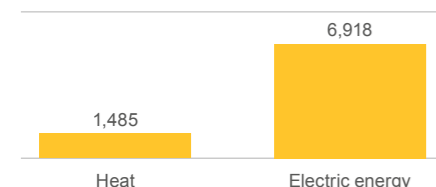
GRI 302-1 · GRI 302-4

Decision-making on energy efficiency in Polyus is based on corporate energy strategy goals. In 2019, actions including conservation and efficiency improvements, delivered total energy savings of 40 kWh per kg of gold produced.

In 2019 energy consumption at Polyus reached almost 8.4 thousand TJ. The cost of energy consumed is presented in the Polyus Annual Review 2019. The volume of used energy resources is 1,485 TJ for heat and 6,918 TJ for electricity.

During the year, Polyus initiated the active development of energy management systems at its business units. Internal energy audits across all business units were launched to assess the effectiveness of the Energy strategy. The evaluation results will be available in the second quarter of 2020. We plan to use the findings to develop a new Energy strategy for 2020, which will correspond to the most pertinent climate change issues and the outlook for Polyus regarding boosting energy efficiency.

VOLUME OF USED ENERGY RESOURCES, TJ

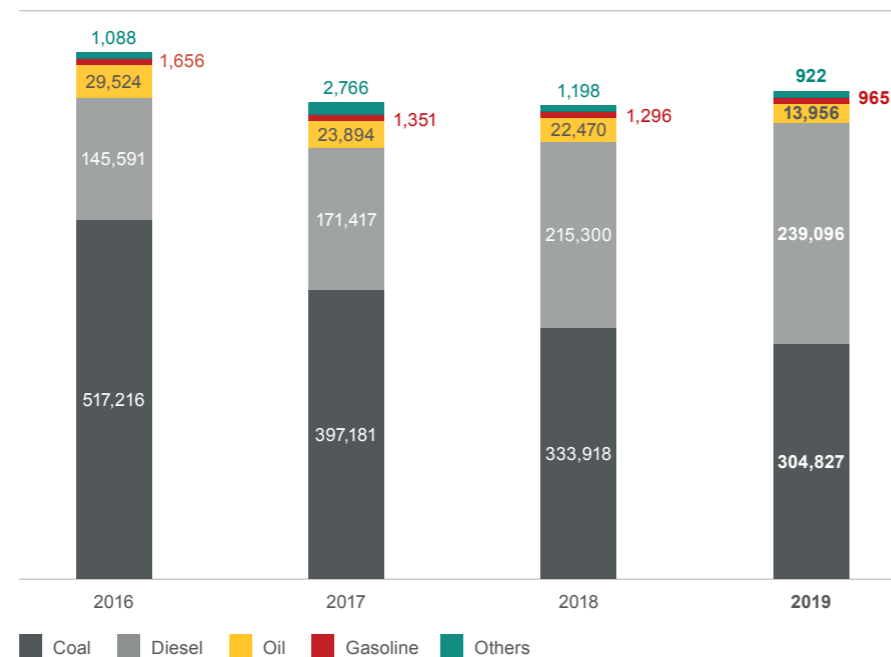


In 2019 Polyus produced a total of 1,086,693 MWh of energy and consumed 2,644,280 MWh of indirect energy.

VOLUMES OF ENERGY CONSUMPTION AND PRODUCTION²

Parameter	Volume, MWh
Indirect energy consumed	2,644,280
Total energy produced	1,086,693

CONSUMPTION OF PRIMARY ENERGY SOURCES¹, T



In addition, Polyus selected Verninskoye to be a pioneer in energy management system certification. During the reporting year a great deal of preparatory activity took place at the business unit, including launching SAP and establishing documentation governing the energy management system. Verninskoye was the first Polyus business unit to implement the Energy policy. The certification audit (which summarises completed goals) of the current energy management system at Verninskoye began at the end of 2019. The audit results will be disclosed in early 2020. Based on the results for Verninskoye, decisions on setting energy management enhancement goals for other business units will be made.

Energy management projects are very important for Polyus. They improve environmental and economic performance by providing facilities with more reliable and cost-effective energy sources and reduce our GHG emissions. In 2019 we continued with the construction of the 220-kV Ust-Omchug – Omchak Novaya powerline. This will cover Natalka and other Magadan Region mining facilities' energy needs, as well as potential future energy requirements. The project is of considerable strategic importance in terms of developing the region.

¹ Updated diesel fuel consumption for 2017-2018. The calculation now includes mining equipment data at Natalka.
² Figures include electric and heat energy.

GRI 302-4

CASE STUDY

OLIMPIADA ENERGY SUPPLY: WORK PROCEEDS

Continually improving the energy power grid at our facilities is a top priority for Polyus. Since 2015 we have executed a set of energy supply projects at Olimpiada to meet growing electricity demand in the region. The projects boost efficiency at Olimpiada and also contribute to regional development by supplying other local mining enterprises with cost-effective energy.

Completed activities:

- Building a double-circuit 1110-kV Taiga – Olimpiada powerline.
- Commissioning a 110-kV substation at Olimpiada – BIO-4. The substation allowed us to decrease total coal consumption by 32,266 tonnes and oil consumption by 8,510 tonnes in 2019 compared to 2018.
- Building a 110-kV substation at Olimpiada – Vidnaya, with planned commissioning in 2020 due to renovation of the internal power grid of Polyus. We estimate the coal consumption decrease effect of the substation to be 38,877 tonnes in 2020 (relative to 2019) and 98,909 tonnes in 2021 (relative to 2020).
- Obtaining the technical specifications for connecting Olimpiada to the federal power grid.

Key results:

- Reduced energy supply costs at Olimpiada due to switching to cheaper external federal electricity networks.
- Improving the environment in the region by reducing energy consumption from non-renewable energy sources produced at own thermal power stations and diesel power plants, with a resulting fall in GHG emissions.
- Stimulating the socio-economic development of the region. Due to additional energy capacity, other industrial enterprises in the region will have the potential to increase production, creating new jobs and boosting tax revenues for regional budgets.

Future projects:

- 2020: Commissioning a 110-kV substation at Olimpiada – Vidnaya,
- 2020–2022: Installation of a third transformer at the Taiga substation to boost capacity.

RELEVANCE TO ATTAINING SDG AND ICMM PRINCIPLES AND POSITION STATEMENTS:



LONG-TERM CONTRACT TO PURCHASE RENEWABLE ENERGY

In 2020, a five-year contract was signed between Natalka and PJSC Kolymaenergo to purchase 310 million kWh of energy. This will provide over 90% of the business unit's entire electricity needs. Electricity will be generated at

hydro-electric power plants. The contract will not raise electricity prices for other consumers. The deal will contribute greatly to developing gold-mining activities and the hydropower industry in the Magadan Region.

³ ICMM. Environmental performance.

PLANS FOR 2020 AND THE MEDIUM TERM

GRI 201-2

Polyus has set the following operational goals for 2020 and the medium term:

- Achieving a carbon intensity level of 0.11 tonnes of CO₂-e per tonne of processed ore in 2020
- Elaborating a climate change strategy and making climate-related risks assessments
- Elaborating a new Energy strategy for the company, based on 2020 energy audits results
- Completing construction of the Ust-Omchug – Omchak Novaya 220-kV powerline in 2020
- Decommissioning TPP-1 at Olimpiada and connecting Sukhoi Log to the federal power grid



LOCAL COMMUNITIES

ALLOCATED TO SOCIAL SUPPORT ACTIVITIES, MILLION

\$47.3

TAX AND LICENCE PAYMENTS MADE TO FEDERAL BUDGET, MILLION

\$436.7

CHARITY AND SPONSORSHIP PROJECTS IMPLEMENTED IN THE REGION OF OPERATIONS

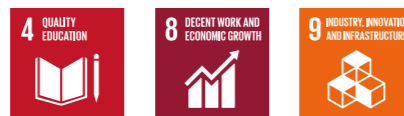
>130

OUR ABILITY TO CONDUCT OUR BUSINESS IS CLOSELY TIED TO UNDERSTANDING THE INTERESTS OF LOCAL COMMUNITIES

Society increasingly expects the mining industry to contribute to the wellbeing and development of the local communities in which it operates.

Polyus is committed to making a positive contribution to the quality of life and resilience of our communities. We aim to work collaboratively with them to deliver meaningful and sustainable outcomes.

GLOBAL SUSTAINABLE DEVELOPMENT GOALS



ICMM SUSTAINABILITY PRINCIPLES



ICMM POSITION STATEMENTS

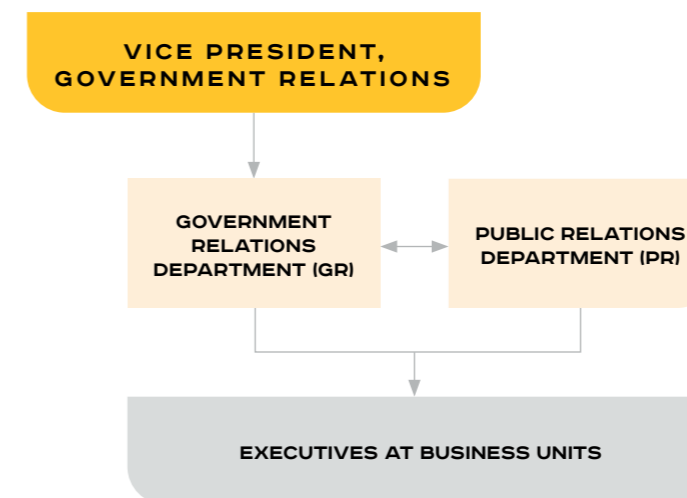
ICMM
Indigenous peoples

¹ ICMM. Social performance.

PERFORMANCE AGAINST GOALS

Goal	Status	Summary of progress in 2019
Further developing infrastructure in the Bodaybo Region	On track	We continued developing social infrastructure in the region and renovated the cultural and recreational centre.
Sponsoring various projects to mark the 90th anniversary of Magadan	Achieved	We marked the 90th anniversary of Magadan by organising various cultural events, including the major 'Territory. Magadan' festival.
A joint cultural project with Moscow Kremlin museums	Achieved	Together with Moscow Kremlin museums, we organised a series of exhibitions in various Russian cities to exhibit the museums' collections.

ALLOCATION OF RESPONSIBILITIES



DOCUMENT FRAMEWORK

Internal

- Charity, Donations, and Sponsorship Policy
- Regulation on Charity and Sponsorship Project Management
- Engagement with Indigenous People Standard
- Regulation on Interacting with State Authorities, Local Governments and Infrastructure Organisations
- Stakeholder Engagement Policy
- Human Rights Policy

External

- UN Global Compact
- EITI

LOCAL COMMUNITIES CONTINUED

MANAGEMENT APPROACH

GRI 103 · GRI 203-1 · GRI 203-2

As one of the world's largest gold producers, we understand the importance of caring for the economic prosperity and social wellbeing of the residents of our regions of operation – and of the country as a whole. To meet local communities' expectations, we are always open for dialogue.

Polyus is committed to a proactive external social policy. We endeavour to maximise our positive impacts on local communities and minimise any potential negative effects from our operational activities. Hence Polyus actively supports social and charity projects in our regions of operation (Krasnoyarsk Territory, Irkutsk Region, Magadan Region, and the Republic of Sakha).

We also seek to bring value to the broader community through federal level sports, educational, scientific, and cultural projects. 2019 was 'the year of the theatre' in Russia – and Polyus endorsed the initiative by implementing various theatre-related projects at both federal and regional levels, including cooperative projects with Moscow Kremlin Museums and the theatre of nations.

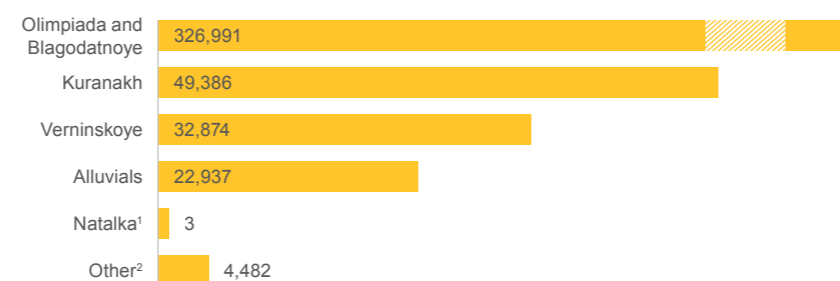
At a regional level we implemented a wide range of social and economic projects and initiatives (for details, see the **Contributions to socio-economic development of regions** section), which align with our business strategy. We regularly provide social support to local communities through charitable initiatives, donations, sponsorships and projects that deliver a wide range of social and economic benefits. We develop social support initiatives in a number of spheres, including education, sports, and arts and culture, as well as environmental protection. Engaging with local government and local communities helps us to identify those areas that best support residents in our regions of operation.

In 2019 Polyus made significant efforts to support its local communities, participating in social projects at a federal level. During the year our social investments amounted to \$47.3 million, \$22 million out of which were allocated to infrastructure development projects. We maintained our focus on education and science, sports and healthy lifestyle and culture and arts. These categories account for 88% of total expenditure on social support for regional and federal projects.

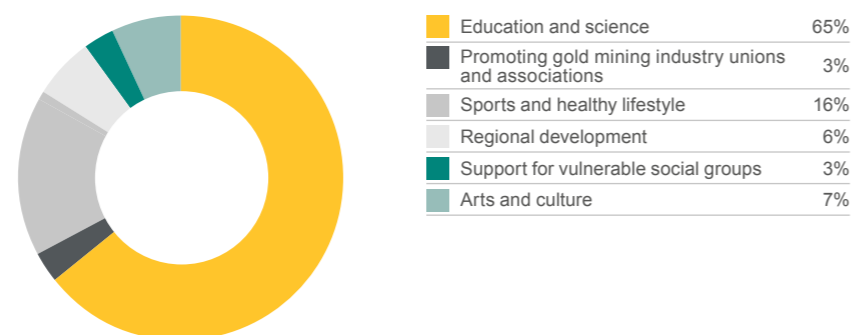
Our business significantly impacts communities, both directly and indirectly,

in our regions of operation. Indirect impacts include regular, transparent tax payments made by Polyus' business units to regional budgets, which, in turn, contribute to the growth of regional economies. In 2019 net payments to governments, including income tax and mineral extraction tax payments (royalties), stood at \$436.7 million. In addition to monetary contributions, Polyus also gives employees the opportunity to volunteer. For more details see the **Human capital** section of the Report.

POLYUS NET PAYMENTS TO GOVERNMENTS, \$ THOUSAND



EXPENDITURE ON SOCIAL PROJECTS BY CATEGORY



¹ Nataika is subject to tax exemptions under the legislation.

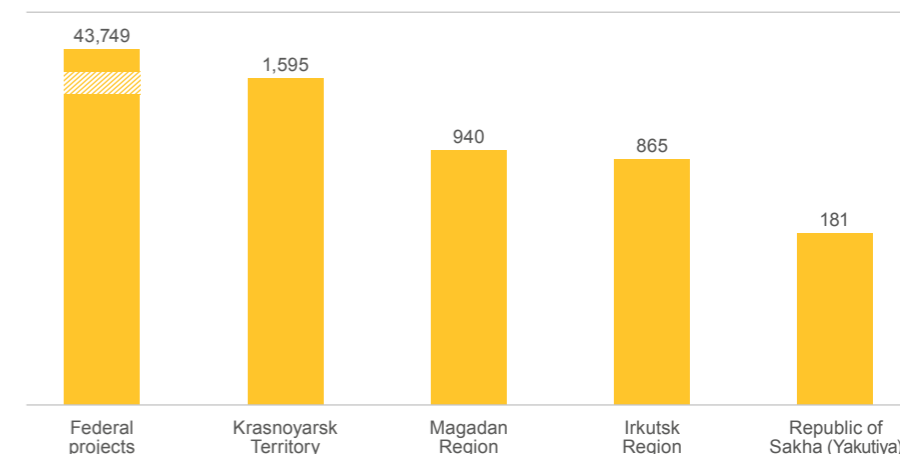
² Other payments include payments made by PJSC Polyus, Polyus Logistika, and other companies, consolidations and eliminations.

As large regional industrial enterprises, Polyus' business units are significant employers for local communities, providing good working conditions and career prospects.

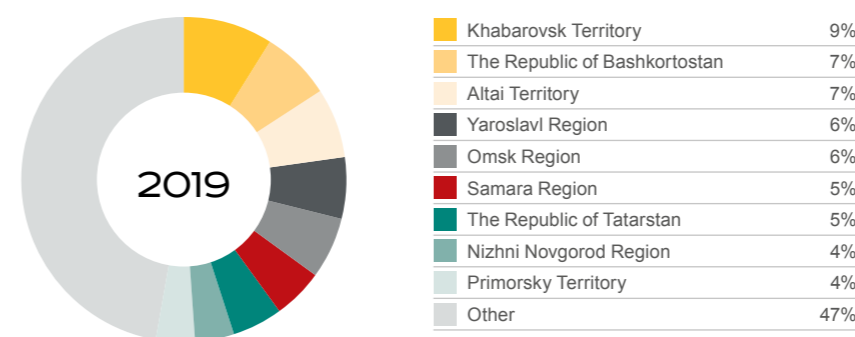
Our operations indirectly stimulate regional economic development through our work with local producers, who provide us with goods and services. We prioritise local suppliers whenever possible. In 2019, 17% of Polyus' procurement was sourced from the regions where we operate.

The number of local suppliers consists of the suppliers located in the same region as the Business Unit that makes purchase.

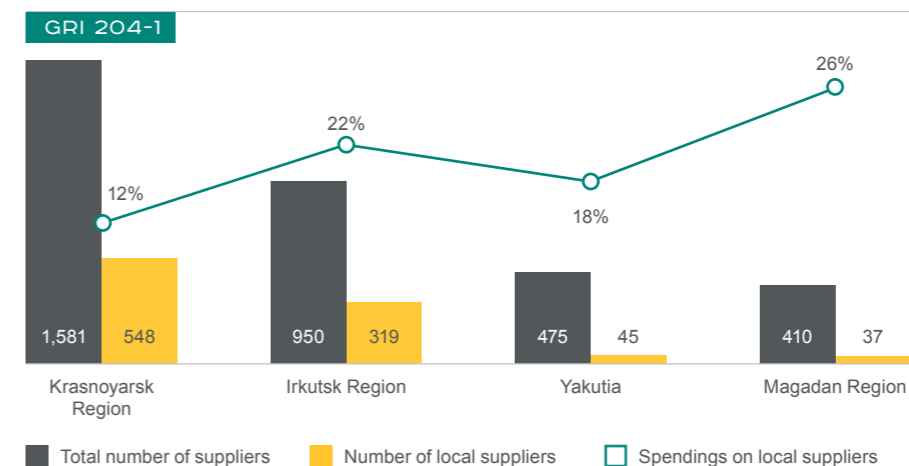
EXPENDITURE ON SOCIAL SUPPORT BY REGION³, \$ THOUSAND



DISTRIBUTION OF SUPPLIERS BY REGION



LOCAL PROCUREMENT BY REGION, 2019



³ Expenditure includes charity, donations and sponsorship.

CONSULTATIONS WITH LOCAL COMMUNITIES

GRI 413-1 · GRI 413-2

The company conducts environmental and social impact assessments within EIA process in compliance with Russian legislation. Polyus publicly discloses the results of environmental and social impact assessments.

For example, the materials on the large project implemented by Polyus - the construction of a mining and processing enterprise based on the Nataika field are available on the website of the administration of the Tenkinsky city district.

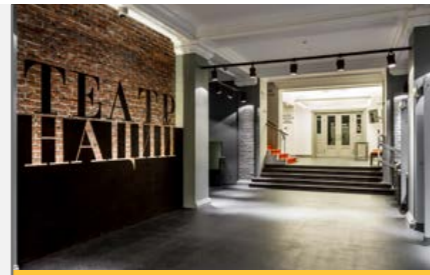
Furthermore, in the first half of 2020, JSC Polyus Verninsky (Bodaybo district of Irkutsk region) submits for public discussion a project of increasing the capacity of a gold extraction factory. The electronic version of the materials is available on the official website of the administration of the Bodaybo municipality. More information on EIA assessment process may be found on the company's web-site: www.polyus.com/ru/sustainability/environment/

The company does not have local community consultation committees, but Polyus Hotlines are available to consult for requesters outside of the organization.

CONTRIBUTIONS TO SOCIO-ECONOMIC DEVELOPMENT OF REGIONS

POLYUS KEY SOCIO-ENVIRONMENTAL PROJECTS

Our principal operations are located in the eastern part of Russia: Eastern Siberia and the Far East. We recognise that a significant aspect of our business activity is the wellbeing of the regions where we operate. We therefore work hard to contribute to the prosperity of local communities and to bring value to the whole country. Polyus willingly launches and develops projects in the field of sports and healthy lifestyle, education and science, arts and culture, ecology and environmental protection.



FEDERAL PROJECTS

- Cooperation with Moscow Kremlin museums
- Support of the Theatre of Nations
- Eastern Economic Forum

EXPENDITURE ON SOCIAL SUPPORT, THOUSAND

\$43,749

> Read more on page 105



KRASNOYARSK TERRITORY

- World University Games 2019
- School of self-determination (career guidance for high school students)
- White Fair holiday
- 'Heat' sports festival
- 'Green' summer festival
- Siberian branch of Russian Academy of Science
- Krasnoyarsk Economic Forum

EXPENDITURE ON SOCIAL SUPPORT, THOUSAND

\$1,595

> Read more on page 108



IRKUTSK REGION (BODAYBO DISTRICT)

- Reconstruction of cinema 'Vitim' in Bodaybo
- Institute of Applied Ecology of the North

EXPENDITURE ON SOCIAL SUPPORT, THOUSAND

\$865

> Read more on page 110



REPUBLIC OF SAKHA

- 95 years of gold mining in the Republic of Sakha
- Ysyakh 2019 (national Yakut holiday)
- 'Vitimskiy' state nature reserve

EXPENDITURE ON SOCIAL SUPPORT, THOUSAND

\$181

> Read more on page 112



MAGADAN REGION

- 'Territory. Magadan' festival
- Polyus 'Golden Season' festival
- Celebration of the anniversary of Magadan
- Repair of a classroom in Polytechnic Institute of North-East State University
- Improvement of housefronts in Ust-Omchug village
- Eastern Research Institute "VNII-1"

EXPENDITURE ON SOCIAL SUPPORT, THOUSAND

\$940

> Read more on page 114

TOTAL EXPENDITURE ON SOCIAL AND CHARITY PROJECTS IN 2019, \$ MILLION

47.3

TOTAL NUMBER OF SOCIAL AND CHARITY PROJECTS IMPLEMENTED IN 2019

137

LEGEND

- Education and science
- Arts and culture
- Regional development
- Sports and healthy lifestyle
- Ecology, joint projects on biodiversity
- Promoting industry unions and associations

LOCAL COMMUNITIES CONTINUED

KRASNOYARSK TERRITORY

Polyus has the largest mining assets in Krasnoyarsk Territory. Olimpiada and Blagodatnoye makes a significant contribution to the economic stability and social development of the region – and in 2019 was the third-largest taxpayer in the region.

Since 2016, a social and economic partnership agreement has existed between the company and the Government of the Krasnoyarsk Territory. Under this agreement, Polyus commits to raise its production volumes for more than five years and, as a result, its tax payments. In total, we plan to allocate more than \$1.1 billion to the consolidated federal budget of Krasnoyarsk Territory, while the regional government is committed to allocating funds to infrastructure projects that improve standards of living and working conditions in remote areas where we operate.

For several years running, we have conducted a variety of sponsorship, volunteering, educational, cultural and charity projects in Krasnoyarsk Territory. As part of these activities, a number of educational and awareness-raising events in the field of the geology of precious metals and various cultural events are held for residents of the region. During 2019 we allotted \$1.6 million to more than 50 projects in Krasnoyarsk Territory. Many new projects are currently at the planning stage.

In 2019 Polyus participated in organising the World University Games in Krasnoyarsk, by giving participants an opportunity to get involved in educational and cultural activities.

We endeavour to diversify recreational activities for the residents of our regions of operation, thereby helping to raise living standards. Hence the company regularly organises and supports cultural events, usually timed to coincide with public holidays.

CASE STUDY

INTERACTIVE SCIENTIFIC AND EDUCATIONAL PLATFORM AS PART OF WORLD UNIVERSITY GAMES 2019



The World University Games (held in Krasnoyarsk), featured a multimedia exhibition, Yeniseian Siberia, which was dedicated to the achievements of Krasnoyarsk Territory. As Russia's largest gold producer, Polyus took part in this exhibition, with an item of gold from the Olimpiada field proving to be the most popular exhibit. Each guest had the chance to hold a genuine gold bar, weighing 13.3kg and worth \$517 thousand.

Polyus also set up an interactive scientific and educational platform devoted to gold mining. Comprised of five modules it covered modern theories of the origin of gold, ore extraction and processing, the unique features of gold and its role in high-tech manufacturing.



CASE STUDY

'REMUE MENAGE' FRENCH STREET THEATRE DURING WORLD UNIVERSITY GAMES 2019



As part of supporting the XXIX winter World University Games Polyus organised a cultural event for Krasnoyarsk residents and visitors. In the city centre the 'Remue Menage' French street theatre held a celebratory street parade.

Four enchanting shows with dancers and four-metre high dolls decked out as brightly lit polar bears drew thousands of spectators and created a magical atmosphere. This was not only a procession but a choreographic performance featuring unique circus tricks. The shows were watched by over 20 thousand people.



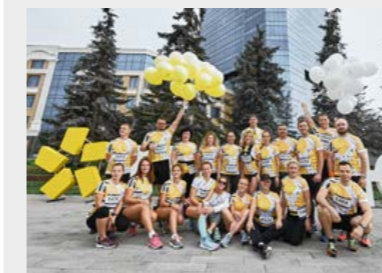
CASE STUDY

SPONSORSHIP OF 'HEAT' SPORTS FESTIVAL



Polyus promotes healthy lifestyles and sponsors a number of major sports events. The company also support local sports clubs and teams, by helping them participate in major tournaments and competitions.

In August 2019 the Krasnoyarsk 'Heat' half-marathon took place. This is the most popular summer sports event in the east of the country and is traditionally sponsored by Polyus. Running tracks were laid through the historic centre of Krasnoyarsk, and over 2,300 people ran distances of 5km, 10km or 21km. Each was treated like a winner and received an exclusive award for taking part and supporting healthy lifestyles. 70 Polyus employees ran distances of 10 and 21 kilometres.



CASE STUDY

WHITE FAIR HOLIDAY



White Fair is a New Year event for Krasnoyarsk residents, organised in cooperation with the administration of the central district of the city. The fair was timed to celebrate the New Year and Christmas holidays for Krasnoyarsk residents. Polyus acted as a general partner of the event.

The fair was attended by employees and their families, as well as a large number of city residents and guests. The daily number of visitors exceeded 100 thousand. One in two guests of the fair visited Ded Moroz's residence, established by Olimpiada and Blagodatnoye, where Ded Moroz, together with Snegurochka, listened to children reciting poems, congratulated them on the New Year, and presented them with gifts. The fair featured a variety of entertainment, including children's playgrounds, a skating rink, a giant ice slide and a performing area.



LOCAL COMMUNITIES CONTINUED

IRKUTSK REGION

Alluvial gold fields have been developed in Irkutsk Region for over 160 years. Verninskoye and Alluvials are the key Polyus assets that contribute to the region's economic prosperity and its social development. The Irkutsk alluvial business unit is the only alluvial production asset in the world that directly engages in alluvial gold commercially, confirming its economic efficiency on an annual basis.

A number of promising Polyus projects are also located in Irkutsk Region. These include Sukhoi Log, where an exploratory drilling programme, begun in 2017, has been completed. Sukhoi Log is one of the largest extensively studied gold ore greenfield projects in the world.

Our assets have been operating in the region for over a century, hence we have a deep understanding of local communities' needs. We implement social projects aimed at resolving the most pressing issues in the region. For example, we focus on developing infrastructure projects; in particular, in the remote Bodaybo Administrative Region, which is our main area of operation in Irkutsk Region. In 2019 our socio-economic support agreement with the Bodaybo Administration was amended so that the bulk of support and financing now provides targeted assistance to the region's residents. We also participate in projects to raise living standards and improve sports infrastructure. In 2019, Polyus invested approximately US\$0.9 million in regional development.

CASE STUDY

SOCIAL ACTIVITIES IN BODAYBO



Polyus supports Bodaybo residents on an ongoing basis. Our philosophy is to support those who endeavour to succeed and develop. Hence we invest in sports facilities, education, and creative activities.

We also provide tickets to therapeutic resorts, purchase food and household equipment for veterans, as well as clothes and school supplies for children. The company supports the local Thai boxing club and sponsors its trips to competitions. This year Polyus donated furniture to a training centre and kindergarten.

We would also like to provide opportunities to young people living in small towns to obtain additional education opportunities and to nurture their talent.



GRI 203-2

CASE STUDY

RECONSTRUCTION OF CULTURAL AND RECREATIONAL CENTRE 'VITIM' IN BODAYBO



Polyus provided financial support for capital repair of cultural and recreational centre 'Vitim' in Bodaybo. Under the socio-economic cooperation agreement with the regional government, Verninskoye has allocated more than US\$118 thousand during two previous periods to repair the centre. Now it is one of the most popular and most popular cinemas in the area.

The reconstruction began in 2018: the auditorium was renovated, obsolete engineering systems and communications were replaced, and the interior was refreshed. These actions let transform abandoned cinema into modern recreational centre.



GRI 413-1

CASE STUDY

GREEN LANDING FORCES IN BODAYBO

Polyus has a particular focus on the younger generation and the importance of its development. We therefore provide a variety of educational, career, and volunteering activities for children and students.



In the summer of 2019, pupils from Bodaybo schools worked hard to improve their town, cleaning streets, square and riverbanks. The Project Green landing forces has existed for several years and provides teenagers with an opportunity to gain their first work experience and professional skills, as well as earn money. Participating pupils get paid and are provided with lunches in return for their hard work.

CASE STUDY

STUDENTS' VISIT TO OPERATIONAL PLANT



Students of the Bodaybo Mining College visited Verninskoye, where they witnessed the implementation of digital technologies. They also visited a processing plant and producing-dispatching site, both of which are

highly automated. The work of the Wenco programme was on display. Students also saw how technologies are employed in the chief mine surveying service.

Verninskoye also hosts teachers from the college, who observe the technologies used and then update the educational programme accordingly, orientating it increasingly towards digitalisation and automation. They are thus able to better prepare the next generation of mining specialists, who are in high demand.



LOCAL COMMUNITIES CONTINUED

REPUBLIC OF SAKHA

Kuranakh is the oldest gold mining asset in the Republic of Sakha; the region's entire gold industry began from this asset. We promote the wellbeing of the Republic's population and, working closely with local authorities, are implementing joint initiatives to drive economic growth. In 2019, Polyus contributed \$181 thousand to regional development, including social infrastructure projects and sports and educational initiatives. Polyus concluded a basic socio-economic cooperation agreement with the regional government in 2011, under which we regularly carry out charity projects and social initiatives.

GRI 413-1

Many Republic of Sakha citizens are indigenous people. Polyus appreciates and respects the cultural traditions of communities in the areas where it operates and we regularly support national holidays and regional cultural events. In 2019 Polyus continued the tradition of celebrating Ysyakh Olonkho – a New Year celebration based on the traditions of the Republic of Sakha's indigenous people, such as Evenkis and Evens – and took part in its organisation.

CASE STUDY

95 YEARS OF GOLD MINING IN THE REPUBLIC OF SAKHA

On 19 July 2019 Kuranakh organised a celebration to mark the anniversary of the gold mining industry in Yakutia. This republic-wide event was also supported by other gold-mining companies in the Aldan District. Colleagues from other regions came to support Kuranakh gold miners, took part in sports and creative contests, and stayed to celebrate the holiday.



The central feature of the event was a sports and athletics contest. To hold this, we renovated and built sports infrastructure in the town, including gyms in local schools and a sports centre, which can be used by all residents.



A delegation led by Head of Yakutia Aisen Nikolayev delivered a congratulatory message and expressed thanks to Kuranakh CEO Alexey Noskov and his staff for their work. Polyus CEO Pavel Grachev presented the prizes.



Mr Nikolayev and other guests also visited the gold beneficiation plant in Kuranakh conducting a ceremonial meeting and presenting gifts to employees.



CASE STUDY

CAPITAL REPAIR OF SPORTS AND RECREATION FACILITY IN NIZHNIY KURANAKH



In 2019, Kuranakh performed a thorough overhaul of sports and recreation facility Metallurg, located in Nizhniy Kuranakh. Metallurg is the property of Polyus and we maintain the facility and provide it free of charge for all the residents, at a cost of \$386 thousand annually.



There are two swimming pools, two gyms, and a ski lodge established on the territory of the facility. Metallurg offers 13 sections for children and adults and conducts sports contests. The center is usually visited by more than 3 thousand people every month including Polyus employees as well as local residents.

PLANS FOR 2020 AND THE MEDIUM TERM

Polyus plans to further raise living standards across its regions. We will do this through contributing to developing our own infrastructure and social projects, as well as implementing new social and charitable programmes.

Our plans for 2020 include:

- Organising the 'Golden Season' anniversary in all four regions of operation, including preparing an exhibition with Multimedia Art Museum (MMAM) and a concert of classical music.

- Continuing to hold the 'Territory' festival.
- Continuing to support the national holiday Ysyakh celebration in the Republic of Sakha.
- Improvement of social infrastructure in Magadan Region.
- Continuing to support large-scale federal projects.
- Continuing to support the cultural project with Moscow Kremlin museums.



LOCAL COMMUNITIES CONTINUED

MAGADAN REGION

Polyus principal asset in Magadan Region is Natalka, ranked sixth in the world in terms of undeveloped gold reserves. In 2018 Natalka began operating at full production capacity, and as a result became one of the most dynamic projects in the region.

As part of our collaboration with the Government of Magadan Region, Polyus conducts socio-economic development programmes in the region and develops infrastructure as the company's activities evolve. In 2019, Polyus allocated \$0.9 million to the region's social projects. Of particular note is a city-planning project – the first integrated project to develop Magadan. The project is being developed with the Magadan Government and a city planning consulting agency. In 2019 the Polyus CEO participated in discussions to ascertain the needs of the residents of Magadan.

In 2019 a variety of sponsorship, volunteering, educational, cultural, and charity programmes were held in the region, some of which marked the 90th anniversary of Magadan.

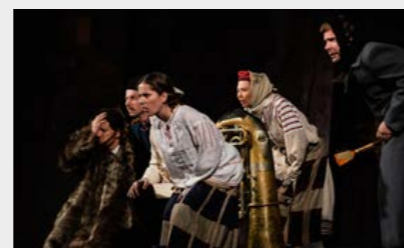
In 2019 Polyus continued work to improve the region's social infrastructure, including acting as a social partner in the small town Ust-Omchug located in Telkinskiy District.

CASE STUDY

'TERRITORY.MAGADAN' FESTIVAL



The 'Territory. Magadan' festival and school was organised by Polyus together with its partners: the Territory festival and the Moscow Museum of Modern Art (MMOMA). This was one of the most valuable initiatives of 2019. During the festival, over 4 thousand Magadan residents watched performances by artists from leading Moscow theatres. At the same time over 60 pieces of fine art from MMOMA and the Magadan museum were on display at an exhibition.



As part of the 'Territory. Magadan' festival the fourth 'Polyus. Golden Season' competition was held among theatres, cultural associations and amateur troupes from Polyus' regions of operation, with 27 groups applying to participate.

During the festival in Magadan an immersive show entitled 'Visiting. Europe' by the German theatre company Rimini Protokoll was performed for the first time. The performance was conducted in residents' flats. In total, five flats were used, including the memorial flat of Vadim Kozin and Lyudmila Gorlachyova's (Magadan Region Minister of Culture and Tourism) flat.



GRI 203-2

CASE STUDY

IMPROVING HOUSE EXTERIORS IN UST-OMCHUG VILLAGE



Polyus sponsors improvements in Ust-Omchug village. This activity began in 2017, when the company sponsored the renovation of house exteriors. Over 2017–2018 Polyus, together with the Telkinskiy Urban District Administration, worked regularly to improve living conditions, including installing benches, bins, fences and lamp posts.



In 2019 Polyus allocated more than \$30 thousand to this work, including renovations of windows and doors in Ust-Omchug.

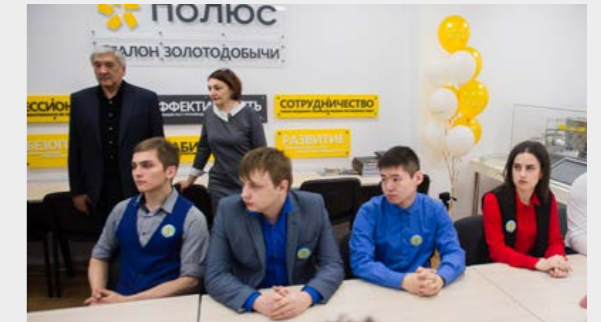


GRI 203-2

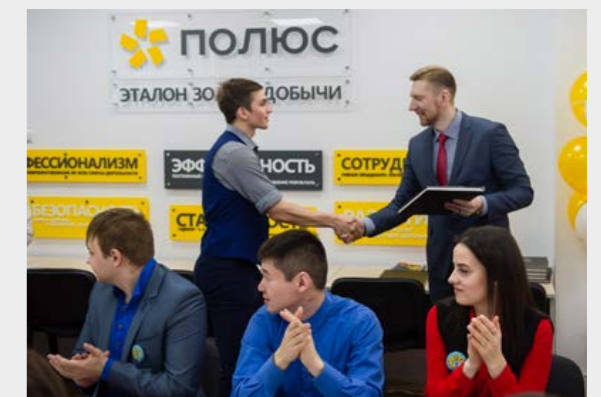
CASE STUDY

CLASSROOM REFURBISHMENT AT POLYTECHNIC INSTITUTE OF NORTH-EAST STATE UNIVERSITY

Polyus refurbished and equipped a classroom at Polytechnic Institute of North-East State University. The new classroom is equipped for students studying the process of beneficiation: wall coatings and flooring were renovated and new lighting and furniture installed. An interactive board with a projector has also made the learning process more contemporary and stimulating.



The classroom design reflects Polyus' corporate style and represents the technological chain of gold production.



ADDITIONAL INFORMATION

- 118 About this Report
- 122 Independent assurance statement
- 126 GRI content index
- 136 Contacts

GRI 102-50

ABOUT THIS REPORT

APPROACH TO REPORTING

GRI 102-50

The 2019 Sustainability Report ('the Report') covers the key results of Polyus' sustainability performance from 1 January 2019 to 31 December 2019, as well as the company's plans for 2020 and the medium term.

GRI 102-51 · GRI 102-52 · GRI 102-54

Polyus has been preparing annual Sustainability Reports since 2012. Its last report, published in 2019, covered the results for 2018. The company's reports can be found on the Polyus website: <http://polyus.com/investors/results-and-reports/>. Additional information about sustainability performance can be seen here: <http://polyus.com/en/sustainability/>. The 2019 Sustainability Report was prepared in accordance with Global Reporting Initiative Sustainability Reporting Standards ('GRI Standards'). As with previous versions, this Report has been prepared according to the Comprehensive option of these standards. When preparing the Report, the company continued to use where applicable the requirements of the GRI Mining and Metals Sector Supplement.

Moreover, throughout the Report we disclosed relevance of Polyus' sustainability-related activities to attaining the United Nations Sustainable Development Goals (SDGs), our compliance with ICMM sustainable development framework including ICMM's ten sustainability principles and eight position statements as well as our commitment to UN Global Compact Principles.

GRI 102-32

The Sustainability Working Group coordinates the Report preparation process. The Board of Directors reviews the Report and finally approves it.

REPORT BOUNDARIES

The sustainability information included in this Report covers the performance of Polyus' operational business units and support services.

GRI 102-45

ASSETS INCLUDED IN THE REPORT BOUNDARIES

Name of subsidiary	Referenced in the Report as
Business units	
JSC Polyus Krasnoyarsk (Krasnoyarsk BU)	Olimpiada and Blagodatnoye
JSC Polyus Verninskoye (Irkutsk ore BU)	Verninskoye
JSC Polyus Aldan (Yakutia Kuranakh BU)	Kuranakh
JSC Polyus Magadan (Magadan BU)	Natalka
PJSC Lenzoloto (Irkutsk alluvial BU)	Alluvials
Support services	
JSC Polyus Logistics	Logistics service
LLC Polyus Stroy	Construction service
LLC Polyus Project	Engineering service
PSF Polyus Schit LLC	Security service
Polyus Energy, comprising JSC Vitimenergo, JSC Vitimenergosbyt, and JSC Mamakanskaya Hydroelectric Power Plant	Energy service
Multi-functional centre	Multi-functional centre (MFC)

Information about the company's labour performance also covers PJSC Polyus ('the Holding company') and MC Polyus LLC ('the Managing company'). Data on the MFC was considered only when calculating indicators on labour performance and industrial safety. Charity and sponsorship data are not aggregated in Support services.

In other cases, where reporting boundaries for specific indicators differ from those described above, information about enterprises included in the scope is specified in the text hereto.

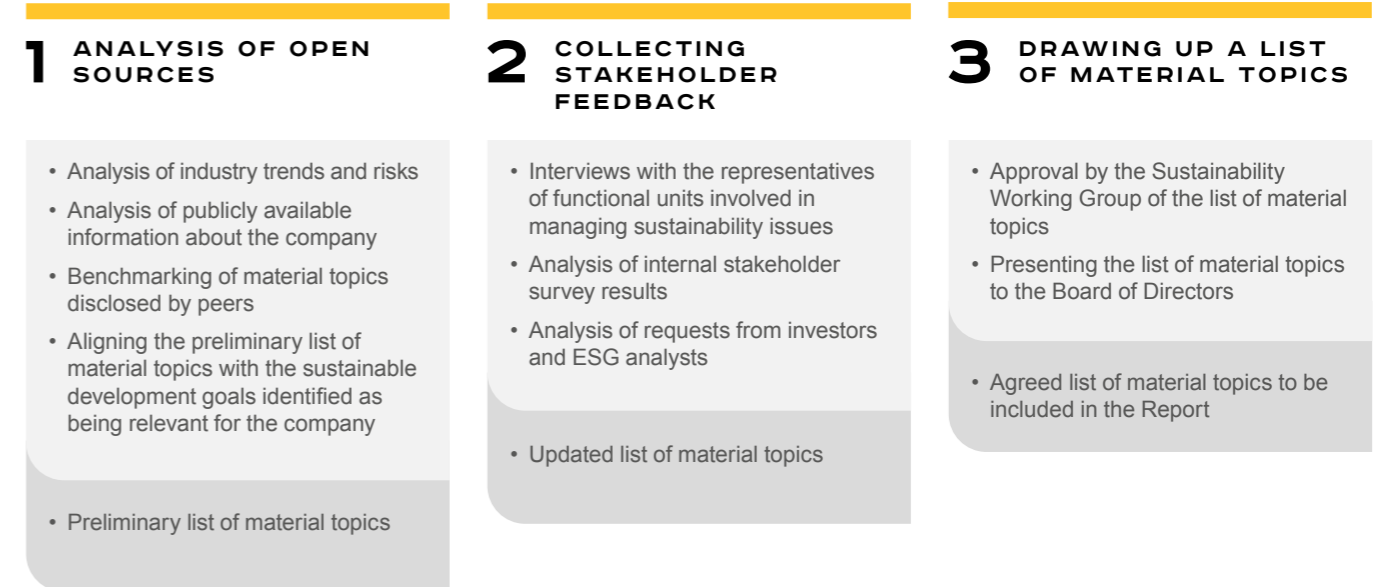
IDENTIFICATION OF MATERIAL TOPICS

GRI 102-46

A materiality assessment was conducted to select the topics that matter most to the business and stakeholders for inclusion in the Report. The assessment consisted of three main stages: an analysis of open sources, collecting stakeholder feedback,

and drawing up a list of material topics. As part of preparing the Sustainability Report we annually carry out a materiality assessment of the topics that are relevant to our internal and external stakeholders, in accordance with GRI Standards. When assessing whether a topic is material, two main criteria are used: the significance of economic, environmental, or social impacts and the influence on stakeholder assessments and decisions.

APPROACH TO IDENTIFYING MATERIAL TOPICS



Following the materiality assessment a list of 18 GRI topics was drawn up. These topics were grouped into six comprehensive material topics in the context of which we structured our Report.

ABOUT THIS REPORT CONTINUED

GRI 102-47

MATERIAL TOPICS OF THE REPORT AND THEIR BOUNDARIES

Material topics	GRI Topic	Report page	Within the group	Outside the group
Ethics and Human Rights	• Economic performance	42	V	–
	• Anti-corruption	38	V	V
	• Diversity and equal opportunity	37	V	V
Human Capital	• Market presence	46	V	V
	• Employment	47	V	V
	• Training and education	53	V	–
	• Freedom of association and collective bargaining	24	V	V
	• Socioeconomic compliance	52	V	V
Health and Safety	• Occupational health and safety	60	V	V
Environmental Stewardship	• Water	83	V	V
	• Biodiversity	90	–	V
	• Effluents and wastes	86	V	V
	• Environmental compliance	82	V	V
Energy and Climate Change	• Energy	99	V	V
	• Emissions	97	V	V
Local Communities	• Indirect economic impacts	104	V	V
	• Procurement practice	106	V	V
	• Local communities	108	V	V

DATA PREPARATION TECHNIQUES

GRI 102-46

The sustainability performance information for the Report was collected through the company's corporate data reporting system. Under this system, sustainability data are initially collected and reviewed by respective specialists at business units and support services. Information about material sustainability issues is regularly consolidated and verified at Managing Company level.

GRI indicators are presented on the basis of accepted international metrics and calculated in accordance with GRI Standards or the company's internal requirements. The financial performance indicators reported were converted into US dollars according to the yearly weighted average exchange rate for 2019.

The company calculates greenhouse gas emission indicators based on the recommendations of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. The ICMM Environment and Climate Change work programme stipulates respective requirements related to measuring, reporting, and verifying net greenhouse gas emissions, and the company makes every effort to meet these requirements.

In terms of the company's employment structure, male employees are mostly engaged in labour-intensive production, due to the specifics of Russian labour law, which prohibits females from working in certain professions. Female employees work primarily in service units and their number is relatively low. Due to this imbalance, it would be unrepresentative to show certain statistical data required under GRI Standards (e.g. health and safety statistics) by gender, and such information is not collected by the Polyus corporate reporting system.

RESTATEMENTS AND SIGNIFICANT CHANGES

GRI 102-48 · GRI 102-49

In 2019 no restatements or significant changes were made to the methods used to measure data, except for those listed above.

ASSURANCE

GRI 102-56

The company appointed Deloitte & Touche CIS AO to provide independent assurance of the Sustainability Report. This is intended to ensure the quality, accuracy, and completeness of the reported data and to facilitate improvements to the whole sustainability reporting process.

The Report was subject in 2019 to a limited assurance engagement under the International Standard on Assurance Engagements (ISAE) 3000 (Revised). More detailed information on the boundaries and the subject of assurance can be found in the **Independent assurance statement** and **GRI Content Index** sections.

INDEPENDENT ASSURANCE STATEMENT



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deloitte.ru

INDEPENDENT ASSURANCE REPORT

Independent practitioner's limited assurance report by AO Deloitte & Touche CIS ('Deloitte') to PJSC Polyus Board of Directors on the 2019 Sustainability Report for the year ended 31 December 2019

Scope of limited assurance engagement

We have been engaged by PJSC Polyus to perform an assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) ('the Standard') to provide public limited assurance on accuracy of Selected Data presented in PJSC Polyus Sustainability Report prepared in accordance with the GRI Standards ('the Report') for the year ended 31 December 2019.

Limited assurance procedures and roles

Selected Data

We carried out limited assurance on accuracy of the following data related to 2019 year and included into the Report:

1. Selected key performance indicators specified below in the section "*Selected non-financial performance data for public limited assurance*";
2. Assertions and disclosures related to Polyus's application of the International Council on Mining and Metals ('ICMM') Sustainability Development Framework on page 18 of the Report; and
3. PJSC Polyus's self-declaration in preparing its Report in accordance with the requirements of the Global Reporting Initiative (GRI) Sustainability Reporting Standards as stated on page 118 of the Report.

Our key limited assurance procedures

To achieve limited assurance, the ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the areas on which we provide our assurance. Considering the risk of material error, we planned and performed our work to obtain all of the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion.

To form our conclusions, we undertook the following procedures:

- Conducted site visits to two business units - Polyus Krasnoyarsk (Krasnoyarsk region) and Polyus Verninskoe (Irkutsk region), and shared service centre - Multi-functional centre;
- Analysed on a sample basis the key systems, processes, policies and controls relating to the collation, aggregation, validation and reporting processes of the selected sustainability performance indicators;
- Conducted interviews with employees of PJSC Polyus responsible for sustainability performance, policies and corresponding reporting;
- Conducted selective substantive testing to confirm accuracy of received data to the selected key performance indicators;
- Made enquiries of management and senior executives to obtain an understanding of the overall governance and internal control environment, risk management, materiality assessment and stakeholder engagement processes relevant to the identification, management and reporting of the sustainability issues and selected performance indicators and ICMM disclosures;
- Performed selective review of the disclosures in the Report on compliance with the GRI Standards;
- We corroborated ICMM assertions contained within the Report through selective inspection of supporting evidence.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, errors or non-compliance may occur and not be detected. Additionally non-financial information, such as that included in reporting documents is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating and sampling or estimating such information.

Our work has been undertaken so that we might state to PJSC Polyus those matters we are required to state to them in this Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than PJSC Polyus for our work, for this Report, or for the conclusions we have formed.

Our engagement provides limited assurance as defined in ISAE 3000 (Revised). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and 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.

Roles and responsibilities

- The Directors are responsible for the preparation, accuracy and completeness of the sustainability information and statements contained within the Report. They are responsible for determining PJSC Polyus sustainability objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived, including disclosure of enforcement and compliance to the PJSC Polyus's ICMM Sustainable Development Framework.
- Our responsibility is to express a conclusion on the Selected Data based on our procedures. We conducted our engagement in accordance with the ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board.

Independence and quality control

- We have complied with the independence and other ethical requirements established by the *Rules on Independence of Auditors and Audit Firms* and the *Code of Professional Ethics for Auditors* approved by the Audit Council of the Ministry of Finance of the Russian Federation and by the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.
- The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Selected non-financial performance data for limited assurance

We have been engaged by the Board of Directors of PJSC Polyus to perform limited assurance procedures on accuracy of the following key performance data of the 2019 reporting year included into the Report:

Composition of governance bodies and breakdown of employees per employee category	<ul style="list-style-type: none"> • Number of employees by assets, region, category, gender and age group • Percentage of employees by assets, region, category, gender and age group (%)
Employee turnover	<ul style="list-style-type: none"> • Total number of new employee hired • Employee turnover (%)
Career development	<ul style="list-style-type: none"> • Number of employees trained • Employees trained as percentage of average headcount (%)
Fatalities and injuries of employees	<ul style="list-style-type: none"> • Total number of work-related fatalities • Total lost time injury frequency rate (LTIFR) (per 200,000 hours worked) • Lost time injury frequency rate (LTIFR), by business units (per 200,000 hours worked) • Number of total registered injuries (TRI) • Total registered injuries frequency rate (TRIFR) (per 200,000 hours worked)
Energy/electricity use and climate change	<ul style="list-style-type: none"> • Purchase of primary energy resources (fossil fuel/its derivatives) (tonnes) • Consumption of primary energy sources (fossil fuel/its derivatives) (tonnes) • Amount of electricity produced and sold (million kWh) • Amount of heating produced and sold (thousand Gcal) • Amount of electricity purchased (thousand kWh) • Amount of heating purchased (thousand Gcal)
Greenhouse gas (GHG) emissions	<ul style="list-style-type: none"> • Direct GHG emissions (Mt CO2-e) • Indirect GHG emissions (Mt CO2-e)
Significant air emissions	<ul style="list-style-type: none"> • Carbon oxide emissions (CO) (tonnes) • Sulphur oxides emissions (SO₂) (tonnes) • Amount of Nitrogen oxides emissions including nitrogen dioxide (tonnes) • Solid dust emissions (tonnes)
Waste	<ul style="list-style-type: none"> • Waste reused excluding overburden and tailings (thousand tonnes) • Waste stored excluding overburden and tailings (thousand tonnes) • Waste transferred and neutralised excluding overburden and tailings (thousand tonnes) • Total amount of overburden waste (million tonnes) • Total amount of tailings (million tonnes)
Water	<ul style="list-style-type: none"> • Total water withdrawn for production needs (thousand m³) • Structure of water intake, for production needs (thousand m³) • Total volume of water discharged (thousand m³) • Percentage of water recycled and reused (%)
Regulatory compliance	<ul style="list-style-type: none"> • Total monetary value of environmental fines (USD thousands) • Number of non-monetary sanctions for non-compliance with environmental laws and regulations
Sponsorship and charity	<ul style="list-style-type: none"> • Social support structure by regions and type (USD thousands)

Limited assurance conclusion

Based on the scope of our work and the assurance procedures performed nothing has come to our attention that causes us to believe that the aforementioned Selected Data, which we were engaged to provide limited assurance on, as specified in the 'Roles and responsibilities' section above are materially misstated.



Natalya Kaprizova
Engagement partner

5 May 2020

The Entity: Public Joint Stock Company Polyus

Primary State Registration Number: 1068400002990

Certificate of registration in the Unified State Register № 84 000060259 of 17 March 2006, issued by Interdistrict Inspectorate of Federal Tax Authorities №2 of Krasnoyarsk territory, Talmyr (Dolgan-Nenetski) and Evenki autonomous okrugs

Address: 123056, Russian Federation, Moscow, Krasina St., 3 bldg 1

Audit Firm: AO "Deloitte & Touche CIS"

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Primary State Registration Number: 1027700425444

Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Member of Self-regulatory organization of auditors Association "Sodruzhestvo", ORNZ 12006020384.

GRI CONTENT INDEX

GRI Indicator	Disclosure	Page number (or link)	Comment	Omissions
GRI 102 GENERAL DISCLOSURES				
1. ORGANIZATIONAL PROFILE				
GRI 102-1	Name of the organization	About Polyus, p. 4		
GRI 102-2	Activities, brands, products, and services	Annual Review, p. 38		
GRI 102-3	Location of headquarters		The company is headquartered in Moscow, Russia	
GRI 102-4	Location of operations	Where we operate, p. 6		
GRI 102-5	Ownership and legal form	Annual Review, p. 124		
GRI 102-6	Markets served	Where we operate, p. 6		
GRI 102-7	Scale of the organization	Annual Review, p. 4		
GRI 102-8	Information on employees and other workers	Workforce composition and engagement, p. 47	<p>Employees by employment contract: Permanent – 17 691 Temporary – 1 692</p> <p>Employees by employment type: Full-time – 19 277 Part-time – 79</p> <p>All the mainstream company's activities are performed by workers. Share of workers who are not employees is insignificant.</p>	
GRI 102-9	Supply chain	Annual Review, p. 35		
GRI 102-10	Significant changes to the organisation and its supply chain		In the reporting period no significant changes were made to supply chain	
GRI 102-11	Precautionary Principle or approach		In the reporting period the company did not apply the precautionary approach to identify, monitor, and manage risks	
GRI 102-12	External initiatives	ICMM membership, p. 18 Our contribution to Sustainable Development Goals, p. 20 Commitment to UN Global Compact Principles, p. 24 Commitment to external initiatives, p. 25	The initiatives presented in the mentioned sections are voluntary.	
GRI 102-13	Membership of associations	ICMM membership, p. 18 Our contribution to Sustainable Development Goals, p. 20 Commitment to UN Global Compact Principles, p. 24 Commitment to other external initiatives, p. 25		
2. STRATEGY				
GRI 102-14	Statement from senior decision-maker	Interview with the Chairman, p. 8 Interview with the CEO, p. 10		
GRI 102-15	Key impacts, risks, and opportunities	Interview with the Chairman, p. 8 Interview with the CEO, p. 10 Sustainability governance: Sustainability risk management, p. 15		

GRI Indicator	Disclosure	Page number (or link)	Comment	Omissions
3. ETHICS AND INTEGRITY				
GRI 102-16	Values, principles, standards, and norms of behavior	About Polyus: Polyus at a glance, p. 4 Anti-corruption compliance: Whistleblowing line, p. 40		
GRI 102-17	Mechanisms for advice and concerns about ethics	Anti-corruption compliance, p. 38		
4. GOVERNANCE				
GRI 102-18	Governance structure	Sustainability governance, p. 16		
GRI 102-19	Delegating authority	Sustainability governance, p. 16		
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability governance, p. 16		
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics		The company's functions are in charge of collecting feedback from the stakeholder groups they interact with. The resulting feedback is communicated to the highest governance bodies when functions present results of their work for the period.	
GRI 102-22	Composition of the highest governance body and its committees	Annual Review, p. 106		
GRI 102-23	Chair of the highest governance body	Annual Review, p. 103		
GRI 102-24	Nominating and selecting the highest governance body	Annual Review, p. 103		
GRI 102-25	Conflicts of interest	Ethics and Human Rights, p. 30		
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability governance, p. 16		
GRI 102-27	Collective knowledge of highest governance body	Sustainability governance, p. 16		
GRI 102-28	Evaluating the highest governance body's performance	Annual Review, p. 103		
GRI 102-29	Identifying and managing economic, environmental, and social impacts	Sustainability governance, p. 16		
GRI 102-30	Effectiveness of risk management processes	Annual Review, p. 115		
GRI 102-31	Review of economic, environmental, and social topics	Sustainability governance, p. 16		
GRI 102-32	Highest governance body's role in sustainability reporting	About this Report, p. 118		
GRI 102-33	Communicating critical concerns	Annual Review, p. 88		

GRI CONTENT INDEX CONTINUED

GRI Indicator	Disclosure	Page number (or link)	Comment	Omissions
GRI 102-34	Nature and total number of critical concerns		Sustainability issues are communicated to the Board on a planned quarterly basis. In 2019 no critical sustainability concerns was raised.	
GRI 102-35	Remuneration policies	Annual Review, p. 118		
GRI 102-36	Process for determining remuneration	Annual Review, p. 119	Remuneration of the Board of Directors is defined in accordance with the Directors' Remuneration Policy. The Annual General Meeting of Shareholders approves it. Other interested parties are not involved in determining the amount of remuneration.	
GRI 102-37	Stakeholders' involvement in remuneration	Annual Review, p. 104		
GRI 102-38	Annual total compensation ratio	Annual Review, p. 119	Information cannot be disclosed due to the reasons of protection of personal information.	
GRI 102-39	Percentage increase in annual total compensation ratio	Annual Review, p. 119		
5. STAKEHOLDER ENGAGEMENT				
GRI 102-40	List of stakeholder groups	Stakeholder engagement, p. 34		
GRI 102-41	Collective bargaining agreements		In 2019, 86.06% of employees are covered by collective bargaining agreements	
GRI 102-42	Identifying and selecting stakeholders	Stakeholder engagement, p. 34		
GRI 102-43	Approach to stakeholder engagement	Stakeholder engagement, p. 34		
GRI 102-44	Key topics and concerns raised	Stakeholder engagement, p. 34		
6. REPORTING PRACTICE				
GRI 102-45	Entities included in the consolidated financial statements	About this Report, p. 118		
GRI 102-46	Defining report content and topic Boundaries	About this Report, p. 118		
GRI 102-47	List of material topics	About this Report, p. 118		
GRI 102-48	Restatements of information	About this Report, p. 118		
GRI 102-49	Changes in reporting	About this Report, p. 118		
GRI 102-50	Reporting period	About this Report, p. 118		
GRI 102-51	Date of most recent report	About this Report, p. 118		
GRI 102-52	Reporting cycle	About this Report, p. 118		
GRI 102-53	Contact point for questions regarding the report	GRI content index, p. 126		
GRI 102-54	Claims of reporting in accordance with the GRI Standards	About this Report, p. 118		
GRI 102-55	GRI content index	Contact information, p. 136		
GRI 102-56	External assurance	About this Report, p. 118 Independent assurance statement, p. 122		

GRI Indicator	Disclosure	Page number (or link)	Comment	Omissions
GRI 103 MANAGEMENT APPROACH				
GRI 103-1	Explanation of the material topic and its Boundary	About this Report, p. 118	The information on material topics primarily covers the company's activities and impacts as information on impacts arising within supply chain is not systematically aggregated.	
GRI 103-2	The management approach and its components		The management approach is presented in the Report before the disclosure of data on each material topic.	
GRI 103-3	Evaluation of the management approach		Evaluation of management approaches is carried out in the framework of certification and supervisory audits of the respective management systems, as well as in the framework of corporate audits. Messages about these events are contained in the text of the Report.	
MATERIAL TOPICS				
GRI 200 ECONOMIC				
GRI 201 ECONOMIC PERFORMANCE				
GRI 201-1	Direct economic value generated and distributed	Transparency and disclosure, p. 42 Annual Review, p. 132		
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Climate change and GHG emissions, p. 97		
GRI 201-3	Defined benefit plan obligations and other retirement plans		The company fully complies with Russian laws by paying pension fund contributions. No corporate pension programs were introduced.	
GRI 201-4	Financial assistance received from government		No financial assistance was received from the government during the reporting period	
GRI 202 MARKET PRESENCE				
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Motivation, p. 51	The company does not tolerate any form of discrimination, thus all employees, regardless of their gender or other diversity factors, receive equal wages for the same scope, quantity, and quality of labour	
GRI 202-2	Proportion of senior management hired from the local community	Attracting talent, p. 49		
GRI 203 INDIRECT ECONOMIC IMPACTS				
GRI 203-1	Infrastructure investments and services supported	Local communities, p. 102	All company's sites strive to enhance the positive impact and at the same time minimise the negative effect that their business may have on the local communities. No significant cases of negative impact on local communities have taken place in the reporting period.	
GRI 203-2	Significant indirect economic impacts	Local communities, 102		

GRI CONTENT INDEX CONTINUED

GRI Indicator	Disclosure	Page number (or link)	Comment	Omissions
GRI 204 PROCUREMENT PRACTICES				
GRI 204-1	Proportion of spending on local suppliers	Local communities, p. 102		
GRI 205 ANTI-CORRUPTION				
GRI 205-1	Operations assessed for risks related to corruption	Anti-corruption compliance, p. 38	In late 2019, the Anti-corruption Policy was updated, it can be found on the Company's website. The topic will be covered in more detail in the next Sustainability Report.	
GRI 205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption compliance, p. 38		
GRI 205-3	Confirmed incidents of corruption and actions taken	Anti-corruption compliance, p. 38		
GRI 300 ENVIRONMENTAL				
GRI 302 ENERGY				
GRI 302-1	Energy consumption within the organization	Energy management, p. 99	Total fuel consumption within the organisation from non-renewable sources - 16.7 thousand TJ; The company consumes neither cooling nor steam for its business activities; The company sells neither cooling nor steam; Total heating sold – 339 TJ; Total electricity sold – 1,221 TJ; Conversion factors used: 1 cal = 4.184 J 1 kWh = 3600 kJ	
GRI 302-2	Energy consumption outside of the organization			The data are not aggregated within the current reporting system.
GRI 302-3	Energy intensity		Energy intensity ratio: 0,38 TJ/kt ore processed. The ratio denominator: kt ore processed. Data on primary energy sources consumed within the organisation were used.	
GRI 302-4	Reduction of energy consumption	Energy management, p. 99		
GRI 302-5	Reductions in energy requirements of products and services	Energy management, p. 99		Not applicable due to the nature of the product

GRI Indicator	Disclosure	Page number (or link)	Comment	Omissions
GRI 303 WATER				
GRI 303-1	Interactions with water as a shared resource	Water management and access, p. 83	Currently the company does not engage with suppliers or customers on their significant water-related impacts minimization.	
GRI 303-2	Management of water discharge-related impacts	Water management and access, p. 83		
GRI 303-3	Water withdrawal	Water management and access, p. 83	When assessing water stress in the regions of operation we relied on the data provided in the State Report "On the State of Environmental Protection in Russian Federation in 2018"	
GRI 303-4	Water discharge	Water management and access, p. 83		
GRI 303-5	Water consumption	Water management and access, p. 83		
GRI 304 BIODIVERSITY				
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity management, p. 90		
GRI 304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity management, p. 90		
GRI 304-3	Habitats protected or restored	Biodiversity management, p. 90		
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity management, p. 90		
GRI 305 EMISSIONS				
GRI 305-1	Direct (Scope 1) GHG emissions	Climate change and GHG emissions, p. 97	Biogenic CO ₂ emissions are not generated at the company's facilities.	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Climate change and GHG emissions, p. 97	Base year is not set in the GHG emissions calculation.	
GRI 305-3	Other indirect (Scope 3) GHG emissions			The data is not aggregated within the current reporting system
GRI 305-4	GHG emissions intensity	Climate change and GHG emissions, p. 97		
GRI 305-5	Reduction of GHG emissions	Climate change and GHG emissions, p. 97	Gases included in the calculation: CO ₂ , CH ₄ , N ₂ O.	
GRI 305-6	Emissions of ozone-depleting substances (ODS)		No significant emissions of ozone depleting substances were identified in the reporting period	

GRI CONTENT INDEX CONTINUED

GRI Indicator	Disclosure	Page number (or link)	Comment	Omissions
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Air emissions, p. 85	The company does not measure emissions of persistent organic pollutants (POP). Source of the emission factors was used according to the Russian environmental legislation.	
GRI 306 EFFLUENTS AND WASTE				
GRI 306-1	Water discharge by quality and destination		Destination - Kokui river, Enashimo river, Titimukhta stream, Olimpiadinskiy stream (Olimpiada and Blagodatnoye); Nygri river (Natalka); Omchak river (Natalka); Lena water basin rivers (Irkutsk Alluvial BU)	
GRI 306-2	Waste by type and disposal method	Waste management, p. 86		
GRI 306-3	Significant spills		During 2019 there were no significant spills (reportable environmental incidents)	
GRI 306-4	Transport of hazardous waste		The company is not involved in transportation, import, export, or treatment of waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII	
GRI 306-5	Water bodies affected by water discharges and/or runoff	Water management and access, p. 83	18 water sources significantly affected by water discharge; None of them designated as protected areas. The information on size of water bodies and related habitats affected by water discharges and/or runoff will be disclosed in the Sustainability Report 2020.	
G4-MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	Dams and tailings facilities, p. 88		
GRI 307 ENVIRONMENTAL COMPLIANCE				
GRI 307-1	Non-compliance with environmental laws and regulations		In 2019 the company received no non-financial sanctions. Inspections by the regulatory authorities identified one non-compliance case, which has been eliminated within the reporting period.	
GRI 400 SOCIAL				
GRI 401 EMPLOYMENT				
GRI 401-1	New employee hires and employee turnover	Workforce composition and engagement, p. 47 Attracting talent, p. 49	The Company plans to report on the number of new employees hired by gender and has been updating its reporting system in order to do so. The Company's turnover rate was 23.08%. The turnover rate of Business Units: Olimpiada and Blagodatnoye – 11.01% Verninskoye – 11.84 % Kuranakh – 15.17 % Natalka – 10.99 % Alluvials – 75,10 %	

GRI Indicator	Disclosure	Page number (or link)	Comment	Omissions
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		The company provides the same benefits to all employees, except for additional medical insurance, which is not provided to part-time employees.	
GRI 401-3	Parental leave		The company complies with the legal requirements. All employees entitled by law to go on leave for child care/parental leave are free to do so with retention of their position.	
GRI 403 OCCUPATIONAL HEALTH AND SAFETY				
GRI 403-1	Occupational health and safety management systems	Management approach, p. 62		
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Management approach, p. 62 Emergency preparedness, p. 74		
GRI 403-3	Occupational health services	Health protection, p. 76		
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Management approach, p. 62 Safety culture development, p. 66		
GRI 403-5	Worker training on occupational health and safety	Management approach, p. 62 Corporate training, p. 68		
GRI 403-6	Promotion of worker health	Health protection, p. 76		
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health protection, p. 76		
GRI 403-8	Workers covered by an occupational health and safety management system		100% of Polyus employees and contractors are covered by H&S management system. Employees of all Business Units and Support Services excluding MFC are covered by externally audited and certified Integrated HSE Management System which comprises 97% of the average headcount of the company's employees.	

GRI CONTENT INDEX CONTINUED

GRI Indicator	Disclosure	Page number (or link)	Comment	Omissions
GRI 403-9	Work-related injuries	Injury prevention, p. 69	<p>The number of hours worked for all employees is 44,547,181.</p> <p>The number of hours worked for contractors is 19,818,029.</p> <p>Information on injuries is disclosed for all employees of the company (mining and service units) and for contractors at the company's sites.</p> <p>The company does not aggregate the data on severe injuries under the criteria specified in GRI. This company discloses the number of serious accidents that are severe under the laws of the Russian Federation.</p> <p>The methodology for calculating LTI for contractors is in the process of development. The indicator will be disclosed in further reporting periods.</p>	
GRI 403-10	Work-related ill health	Health protection, p. 76	The indicator is partially disclosed in the Health protection section. The issue of full disclosure of the indicator is being considered as part of the preparation process of the 2020 Sustainability Report.	
GRI 404 TRAINING AND EDUCATION				
GRI 404-1	Average hours of training per year per employee	Training and development, p. 53		
GRI 404-2	Programs for upgrading employee skills and transition assistance programs		Polyus doesn't have transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews		All employees undergo performance reviews on the basis of a functional and individual KPI system	
GRI 405 DIVERSITY AND EQUAL OPPORTUNITY				
GRI 405-1	Diversity of governance bodies and employees		<p>The Board by gender: Male – 89% (8 of 9 members) Female –11% (1 of 9 members).</p> <p>The Board by age: 21-30 – 11,1 % 31-40 – 11,1% 41-50 – 33,3% 50 and above – 44,4 %</p>	
GRI 405-2	Ratio of basic salary and remuneration of women to men		The remuneration in Polyus doesn't differentiate women and men.	

GRI Indicator	Disclosure	Page number (or link)	Comment	Omissions
GRI 407 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		We strictly comply with the laws of the country of presence. According to Collective bargaining agreement and our Human rights policy the freedom of activity of public associations and collective bargaining is guaranteed.	
GRI 413 LOCAL COMMUNITIES				
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Local communities, p. 102		
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Local communities, p. 102	<p>All company's sites strive to enhance the positive impact and at the same time minimise the negative effect that their business may have on the local communities. No significant cases of negative impact on local communities have taken place in the reporting period.</p> <p>Assessment of significant impact on local communities is done within the EIA. For more information see www.polyus.com/en/sustainability/blog/polyus-publishes-a-special-report-on-safety-of-tailings-storage-facilities/</p>	
GRI 419 SOCIOECONOMIC COMPLIANCE				
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	Annual Review, p. 34	In the reporting period there were recorded no significant fines and sanctions for non-compliance with laws and regulations in the social area	
GRI SECTOR SPECIFIC: EMERGENCY PREPAREDNESS				
G4-DMA	Additional Guidance	Emergency preparedness, p. 74		
GRI SECTOR SPECIFIC ASPECT: CLOSURE PLANNING				
MM10	Number and percentage of operations with closure plans	Land conservation, p. 92		

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