

Responsible and sustainable

Sustainability Report 2020

Welcome to our 2020 Sustainability Report

This report covers Polymetal International's Groupwide policies and activities at all our operations. It presents information on our performance for the reporting period 1 January 2020 to 31 December 2020 and provides comparative data for previous years.

The report is prepared in accordance with GRI Sustainability Reporting Standards (Core option), including GRI G4 Mining and Metals Sector Disclosures published by the Global Reporting Initiative (GRI), and the Metals & Mining Sustainability Accounting Standard (SASB Standard) published by the Sustainability Accounting Standards Board (SASB); and it aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). PwC has provided limited assurance on the performance data relating to our most material environmental, social and governance (ESG) impacts, prepared in accordance with GRI Sustainability Reporting Standards and the SASB Standard.

For more information

You can read more at www.polymetalinternational.com

If you would like further information or to provide any feedback, please do get in touch:

sustainability@polymetalinternational.com

We look forward to hearing from you.

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Material issues

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The last year has reinforced the crucial importance of hugely diverse and complex connections within a global community. At Polymetal, we understand this delicate interplay and believe we can contribute to making the world more robust and more resilient.”

Vitaly Nesis
Group CEO

**Health and wellbeing
of our people**
21, 31



**Diversity and
inclusion**
35, 37



**Carbon footprint
reduction**
38



**Dry tailings
storage**
52

Business as a force for good



Welcome to our 10th Sustainability Report. It demonstrates that a large corporation can do a lot of good things for many people to help them cope with hard times. 2020 reminded us how fragile our societies and economies are in the face of black swan shocks. At the same time, the past year reinforced the crucial importance of hugely diverse and complex connections within the global community. At Polymetal, we understand this delicate interplay and believe we can contribute to making the world more robust and more resilient.

In 2020, we continued to strengthen partnerships with our communities through mitigating the risks created by the coronavirus pandemic. Overall, 1,451 employees and contract workers tested positive for Covid-19. Five Polymetal employees died and I express my condolences to families that lost their loved ones to the disease. Two sites experienced outbreaks in the summer: Mayskoye and Olcha (part of the Omolon hub). Teams on the ground acted swiftly and diligently to implement protective measures and managed to both contain the outbreak and ensure that there was no negative impact on production volumes.

In 2020, there were no production-related fatalities at Polymetal's operations, while the incidence of injuries decreased by 38%. We kept our employees and our contract workers safe, we met our production targets, and we advanced our growth projects on schedule. This record demonstrates the strength of Company's risk management systems and total devotion of people to our safety culture at every single production site.



I am confident that we can perform well and continue doing good – this is our commitment as a responsible corporate citizen.”

Caring for our communities in difficult times

Outside of our mines and processing plants, in 2020 we allocated \$3.4 million in additional funding for Covid-19 initiatives, such as purchasing specialised medical appliances and personal protective equipment for local medical institutions. We continued to invest strategically in healthcare and active living, education, infrastructure and culture – priorities that are shaped by regular community dialogue – almost \$18 million in 2020. A crucial pillar of Polymetal's social partnership policy is our long-term commitment to indigenous communities. We have been working side-by-side with indigenous communities and reindeer herding teams for more than 20 years. As we approach the launch of our newest operation at Nezhda, in Yakutia, we have committed to hiring at least 25% of total personnel at the mine from local communities.

Building our talent pipeline

In the regions of Russia and Kazakhstan where Polymetal operates, we remain one of the main employers with an average headcount of 12,065 in 2020. Mining is changing rapidly and we must strategically develop our talent pool to ensure the Company stays competitive. Digital and technological innovations are significantly improving productivity, safety and environmental protection. Innovation also serves as a stepping stone towards closing the historic gender gap in our industry so that more women can come on board. New challenges arise around how we build skills within our existing workforce and how we attract trending expertise going forward. Our programme of job creation, infrastructure development, welfare, education and culture is helping us become an employer of choice – today and tomorrow.

Last year Polymetal co-founded Women in Mining Russia, a crucial step towards unlocking the huge potential of women and increasing their prominence in our industry. We are also proud to see Polymetal listed among the best employers in the Russian mining industry for gender equality by Forbes.

Polymetal in a changing world

Whilst evolving our business to the shifting talent landscape, we bear the responsibility of adapting to and mitigating climate change. To address this crucial risk to both our operations (particularly in permafrost mining regions) and our reputation among various stakeholders,

¹ Based on Lost Time Injury Frequency Rate (LTIFR).

Polymetal developed a long-term action plan to reduce carbon emissions by shifting towards greener sources of energy and reducing the energy intensity of the business.

As we switch from diesel generation to purchased energy at many remote facilities, we are working with suppliers to secure energy from renewable sources. For example, construction has started on a 254 kilometre power line connecting our Nezhda site with the national power grid – we estimate this will reduce the site's carbon footprint by 75% and Polymetal's group-wide GHG emissions by 4%.

Climate change as an issue may have been less visible in 2020. Yet, we are likely to see momentum return this year with a new US Presidency, the EU Green Deal (and European Climate Law) and China's ongoing decarbonisation. Investor appetites for environmental, social and governance risk screening and reporting

mandates (such as the Task Force on Climate-related Financial Disclosures) are also on the rise.

We welcome the new Global Industry Standard on Tailings Management and have committed to achieving compliance in all operations by 2023.

Overall, the year ahead is certainly going to be very dynamic. I am confident that we can perform well and continue doing good – this is our commitment as a responsible corporate citizen. I am humbled by the contributions of the Polymetal team in enabling us to be a force for good.



Vitaly Nesis
Group CEO

Our sustainability journey

Our vision is to become the leading responsible mining company, while delivering robust performance and sustainable investor returns. We have built a disciplined approach to social and environmental issues, resulting in external recognition. Below are just a few significant milestones.

2011

- Premium Listing on the London Stock Exchange

2013

- GRI standards implemented
- PwC begins assuring the Sustainability Report
- Environmental management system certified to ISO 14001

2015

- Established Board-level Safety and Sustainability Committee
- Entered FTSE4Good Index
- Made the first carbon disclosure to CDP

2018

- Ranked 1st among 47 global peers by Sustainalytics
- Included in the Dow Jones Sustainability Emerging Markets Index
- Signed \$80m sustainability-linked loan with global bank ING

2017

- \$140m EBRD credit facility for Kyzyl project with a focus on environmental and social indicators
- Payments to governments disclosed via the Extractive Industries Transparency Initiative
- First renewable energy generation project

2016

- Signed the International Cyanide Management Code (ICMC)
- Included in international sustainability index STOXX ESG Leaders

2019

- Published first full disclosure on tailings storage facilities
- Signed a \$75m loan with Societe Generale linked to environmental and social KPIs
- Reported under TCFD recommendations and SASB standard
- Certified two mines under the Cyanide Code
- Received Industry Mover distinction from RobecoSAM for excellent sustainability performance
- Entered the MSCI Environmental, Social and Governance Leaders index

2020

- Co-founded the non-profit organisation Women in Mining Russia
- Signed a \$125m green loan with Societe Generale under the Green Financing Framework
- Signed Memorandum of Understanding with SMT Scharf AG for a potential strategic cooperation in underground electric vehicles development
- Included in the Dow Jones Sustainability World and Emerging Markets Indices

Success based on sustainability and innovation

Polymetal has investments in a portfolio of nine gold and silver mines while also developing a strong growth pipeline. A pre-eminent precious metals group with interests in Russia and Kazakhstan, its focus on sustainability and innovation are key to achieving long-term benefits for all its stakeholders.



Polymetal today

Top 10

world gold producer

2 major

development projects

LSE, MOEX, AIX

listing

9 operations

across 2 countries

Leader

in refractory ore processing

FTSE 100

constituent

Reserves and resources

RESERVES AND RESOURCES

(GE Moz)



■ Reserves ■ Resources

AVERAGE RESERVE GRADE

(GE g/t)

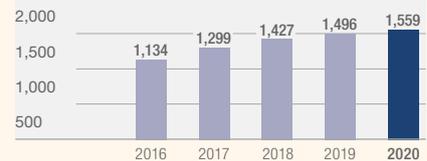


■ Reserves ■ Resources

Production

PRODUCTION¹

(GE Koz)

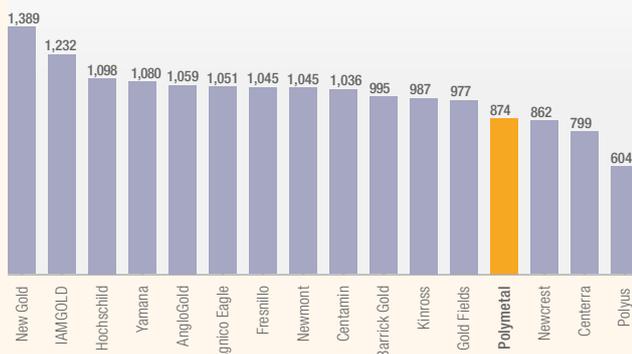


¹ Based on a 120:1 Au/Ag conversion ratio (prior to Q2 2020, Polymetal used an 80:1 Au/Ag ratio) and excluding base metals (which were previously included). Historical comparative data restated accordingly.

Profile among peers

ALL-IN SUSTAINING CASH COSTS

(\$/GE oz)



AVERAGE RESERVE GRADE

(g/t/GE)





Key financial figures

Revenue

\$2,865m

(+28%)

Total cash cost

\$638/GE oz

(-3%)

Adjusted EBITDA

\$1,686m

(+57%)

Dividends paid

\$481m

(+100%)

All-in sustaining cash cost

\$874/GE oz

(+1%)

Free cash flow

\$610m

(+138%)

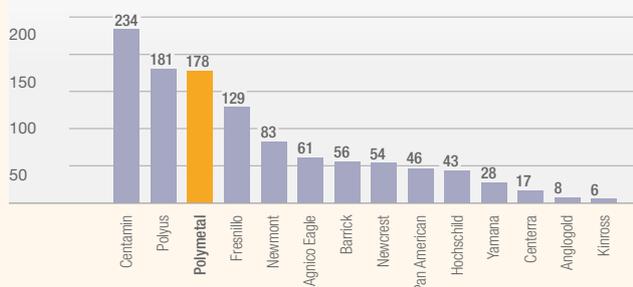
Net profit

\$1,086m

(+125%)

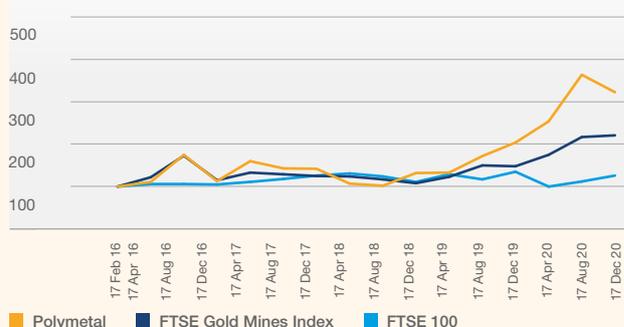
DIVIDEND PAID IN 2016–2020

(\$/GE oz produced)



TOTAL SHAREHOLDER RETURN (REBASED)

(%)



Sustainability

Fatalities

0

(2019: 2)

GHG intensity, t of CO₂e per Kt of ore processed

76.3

(-4%)

Water recycled and reused

89%

(+2pp)

Member of
Dow Jones Sustainability Indices

Powered by the S&P Global CSA

- **First and only** company with major assets in the CIS
- **8%** y-o-y score improvement

SUSTAINALYTICS

- **1st** among 60 precious metals companies
- Score linked to the loan margin

REFINITIV

- ESG score **A**

MSCI

- ESG rating **A**
- Member of **ESG Leaders Index**

FTSE4Good

- Overall Score: **4.4/5.0**

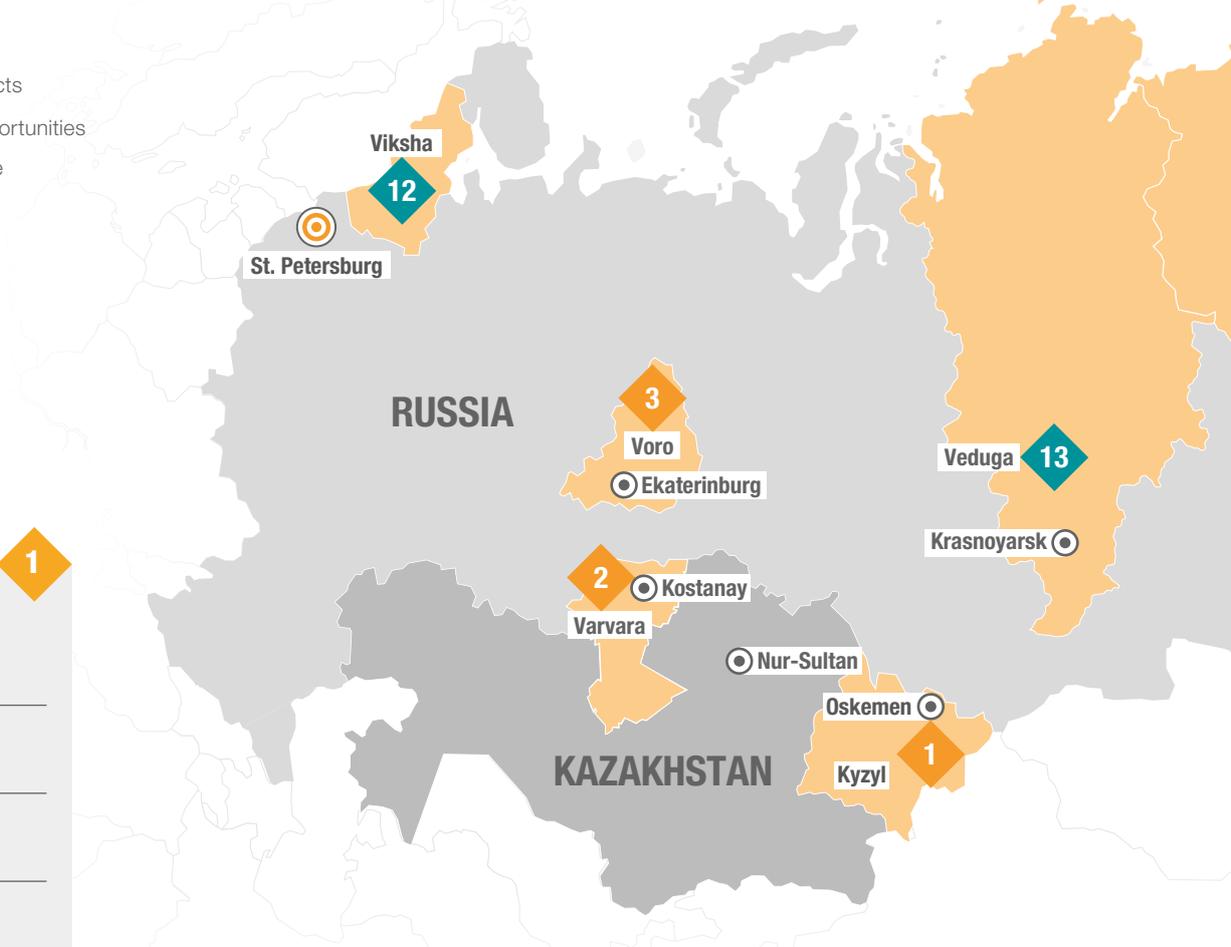
ISS

- ESG score **C+**

Growing the high-quality asset base

Our operations consist of high-quality assets, a strong growth pipeline and an expanding exploration programme. Often in remote regions, we have nine gold and silver mines across Russia and Kazkhstan, with two major development projects, Amursk POX-2 and Nezhda, in the Russian regions of Khabarovsk and Sakha.

-  Operating mine
-  Development projects
-  Further growth opportunities
-  Competence centre
-  City/town
-  Sea port



1

Kyzyl

Average headcount
1,296

% female
18%

LTIFR
0.16

GHG emissions
(Scope 1+ Scope 2)
192,771

2

Varvara

Average headcount
1,269

% female
17%

LTIFR
0.00

GHG emissions
(Scope 1+ Scope 2)
219,022

3

Voro

Average headcount
670

% female
29%

LTIFR
0.00

GHG emissions
(Scope 1+ Scope 2)
48,105

4

Mayskoye

Average headcount
985

% female
12%

LTIFR
0.11

GHG emissions
(Scope 1+ Scope 2)
120,376

5

Omolon

Average headcount
1,079

% female
11%

LTIFR
0.29

GHG emissions
(Scope 1+ Scope 2)
87,526



We operate in

2

countries and 11 regions

We cover

11

time zones

10

Nezhda

Average headcount
531

% female
16%

LTIFR
0.39

GHG emissions (Scope 1+ Scope 2)
43,057

11

Prognoz

Average headcount
96

% female
18%

LTIFR
0.00

GHG emissions (Scope 1+ Scope 2)
1,385

12

Viksha

Average headcount
90

% female
19%

LTIFR
0.00

GHG emissions (Scope 1+ Scope 2)
N/A

13

Veduga

Average headcount
230

% female
17%

LTIFR
0.00

GHG emissions (Scope 1+ Scope 2)
20,959

6

Dukat

Average headcount
1,674

% female
19%

LTIFR
0.14

GHG emissions (Scope 1+ Scope 2)
193,795

7

Svetloye

Average headcount
624

% female
14%

LTIFR
0.00

GHG emissions (Scope 1+ Scope 2)
36,850

8

Albazino

Average headcount
1,407

% female
14%

LTIFR
0.22

GHG emissions (Scope 1+ Scope 2)
118,643

9

Amursk POX

Average headcount
500

% female
23%

LTIFR
0.00

GHG emissions (Scope 1+ Scope 2)
96,106

Sustainability underpins the resilience of our business

We are building a resilient business by managing our impacts and driving sustainable value for all our stakeholders.

Our capitals

Nurturing the skills of our people, investing in key competencies and new technologies to develop and grow our portfolio of assets through strong financial discipline, while fostering constructive relationships with our communities, are all integral to our long-term future.

Financial

Strong balance sheet and a large portfolio of available undrawn credit facilities; access to international equity markets and use of shares as acquisition currency.

⊕ Read more in our Annual Report on pages 72–85

Natural

Portfolio of high-grade reserves; water, energy and fuel to run our operations.

⊕ Read more on 04–05, 40–57 and in our Annual Report on page 35

Intellectual

Investment in skills and expertise; use of leading technologies in refractory gold processing (POX); selective mining; development of know-how.

⊕ Read more in our Annual Report on pages 02–03, 10–11, 24–25, 32–34, 39–40, 102–103

Human

12,065 employees; attracting and retaining high-potential employees across Russia and Kazakhstan; nurturing young leaders to manage further growth.

⊕ Read more on pages 32–37

Business

Key competencies in refractory gold concentrate trading; sustainable relationships with contractors and suppliers.

⊕ Read more in our Annual Report on pages 20–21, 54–55, 69, 115

Social and relationship

Constructive relationships with local government and communities; transparent and productive dialogue with stakeholders.

⊕ Read more on pages 58–65

Our purpose

We believe responsible and efficient mining can be a force for good for society. We aspire to be equal to the challenge and deliver benefits to all impacted by our corporate existence.

What makes us different



Focus on high-grade assets



Strong capital discipline



Investing in exploration



Leading competence in treatment of refractory ores



ESG leadership



Operational excellence

⊕ Read more in our Annual Report on page 03

Creating value for...

Employees

We provide competitive remuneration, which is above the regional average, and comfortable working conditions, as well as motivating career development opportunities.

\$1.1m

invested in professional training

Local communities

We invest in our local communities, providing employment opportunities and improving infrastructure, and engage with them to gain their support for the projects that we undertake.

\$17.9m

invested in social projects

Shareholders

We deliver a sustainable dividend stream.

\$608m

proposed for 2020

Factors determining long-term growth

Market trends and opportunities

Our investments in attractively priced high-quality assets enable us to generate a consistently sustainable free cash flow and deliver returns for our shareholders.

⊕ Read more in our Annual Report on pages 20–23

Governance

We are committed to maintaining world-class ethical standards that drive behaviours across every aspect of our business.

⊕ Read more on pages 14–15

Material issues and risk management

Material issues for our stakeholders and the Company are analysed and inform a robust risk management system to mitigate potential risks to the sustainability and success of the business.

⊕ Read more on pages 16–20, 24–25

Our markets

- Russia
- Kazakhstan
- East Asia
- Europe



Other capital providers

We have an excellent credit history and strong partnerships within financial markets.

3.4%

average cost of debt in 2020

Suppliers

We provide fair terms and have established long-term and mutually beneficial partnerships, while ensuring suppliers' integrity and ESG compliance.

9,296

potential contractors audited for ethical principles and anti-corruption policies

Home states and regions

We contribute to the national wealth and are a significant tax payer in our regions of operation, supporting local governments' social projects.

\$432m

taxes paid

Embedding sustainability

A business that cares is a business that is competitive

At Polymetal, we take a long-term view to business, ensuring the economic benefits we create are shared by all stakeholders. This approach is not only vital to our social licence to operate, it is what sets us apart in a competitive market.

Governance and sustainability are one of four strategic business objectives, alongside robust performance, delivering growth and securing the future (read more in our Annual Report on p.24–25).

Key goals

Pay significant and sustainable dividends through the cycle	Continue to grow our business without diluting its quality	Exemplary ESG performance
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Our strategic priorities



Contributing to SDGs within our impact areas

We have mapped strategic impact areas to relevant SDGs and targets. This was based on a four-step process that helped us to identify and prioritise key issues, then set data dimensions and, finally, allocate the contributions of Polymetal and our investors to those issues. The impact areas have been identified in partnership with stakeholders and by studying best practice.

Impact area	Our contribution	Relevant UN SDGs
Economic impact, income & security Relevant material issues: <ul style="list-style-type: none"> Supply chain Employees Communities 	<ul style="list-style-type: none"> Increasing our operational efficiency to gain competitive advantage and financial sustainability, thus contributing to national and local economic growth. Increasing the share of local procurement and thus supporting entrepreneurship and contributing to better quality of life in remote locations. Enhancing supply chain contractors' engagement practices, particularly in remote locations and often in extreme temperatures. 	  Relevant targets 1.4 8.1 8.3
Employment, education and demography Relevant material issues: <ul style="list-style-type: none"> Employees Communities 	<ul style="list-style-type: none"> Increasing gender diversity in every function and eliminating the gender pay gap. Promoting innovative new training solutions and providing a flexible learning environment for all staff, including those in very remote locations. Implementing infrastructure projects to ensure a decent quality of life for local communities, including health and childcare support for mining and non-mining workers and their families. Scaling up training and development of locally hired personnel; broadening opportunities for them to progress into senior management positions. Building local workforce capacity while reducing the social and environmental burden of fly-in-fly-out employment. 	  Relevant targets 4.4 8.5 8.8
Human rights Relevant material issues: <ul style="list-style-type: none"> Health and safety Employees Climate change Water Waste and pollutants Biodiversity and Lands Communities Supply chain 	<ul style="list-style-type: none"> Enhancing human rights training and assessment practices across Polymetal sites and business units. Dissemination and promotion of human rights requirements and best practices across upstream and downstream supply chain contractors. Advancing human rights auditing practices and preventive measures across upstream and downstream supply chain contractors. 	  Relevant targets 5.1 16.7 16.10
Environment, health & safety Relevant material issues: <ul style="list-style-type: none"> Health and safety Climate change Water Waste and pollutants Biodiversity and Lands 	<ul style="list-style-type: none"> Construction, development, operation, acquisition and maintenance of transportation infrastructure with a lower environmental impact. Increasing generation of renewable energy. Installing systems that reduce energy consumption. Implementing projects aimed at sustainable management of water resources. Implementing technologies for safer waste management/disposal. Launching transmission lines projects that will allow us to connect our sites to renewable energy sources. 	  Relevant targets 3.4 12.12 3.9
Land use Relevant material issues: <ul style="list-style-type: none"> Biodiversity and Lands Water Waste and pollutants Communities 	<ul style="list-style-type: none"> Improving infrastructure, telecommunications, power and water supplies for communities in or near Polymetal operations and associated areas. Leading technologies applied at mine closures to ensure constant improvement of mine lifecycle management. Advancing land rehabilitation and reclamation practices. Conducting biodiversity monitoring and planning prevention and mitigation measures. Considering biodiversity data in the investment decision-making process. 	  Relevant targets 9.1 15.1

Promoting sustainability best practice across the business



An increased emphasis on sustainability does not detract from our commitment to the highest safety standards.”

robust Covid-19 protocols as set out on page 21, which helped us prevent any major outbreaks across our operations.

In 2020, our safety programme focused on safety culture and contractor safety, while continuing to improve our critical risk management through the implementation of increasingly sophisticated technology. Our focus on safety has helped us deliver a substantial improvement in our safety performance – in 2020 we had no fatalities at our operations, for either our employees or contractors, and a 38% improvement in our injury performance.

From 2021 we will be introducing a 1.2x multiplier to be applied to the bonus for our Group CEO in order to reward exceptional safety performance. This approach to zero fatalities aligns with that already implemented for management personnel at lower levels. We will also increase the penalty threshold for severe and fatal cases from 2021. This is outlined in greater detail in the Remuneration Report on page 143 of our 2020 Annual Report.

Dear shareholders

2020 was an exceptional year for the whole world. Due to high commodity prices, it was perhaps easier for mining companies than for some other businesses; however, while we continued to operate, it was necessary to ensure that we did this safely at all our sites and offices. We implemented

Committee focus topics in 2020

Safety

- H&S work plan for 2020–2023, key risks assessment
- H&S report for 2020
- Safety deep dives: case studies in management of contractor safety and rock fall risk at Magadan; Omolon H&S deep dive
- Near-miss incidents review
- Engagement of consultants to develop measures to eliminate fatal accidents
- Review of the findings of the Feijão expert panel report and implications for Polymetal
- Digitalisation in H&S: case studies from the entities and future plans

Sustainability

- Review of Sustainability Report for 2019
- Compliance with the Cyanide Code review
- Approach to climate strategy: climate risks and their management, carbon footprint and ways of reducing it; Task Force on Climate-related Financial Disclosures and Paris Agreement
- Energy efficiency; ways of reducing energy consumption; green energy
- Green financing
- Tailings management: Russian/Kazakh state standards, International Council of Mining and Metals and Global Tailing Standard
- Assessment of the efficiency of sustainability risk management systems at Varvara

Ethical

- Modern Slavery Statement and implementation of the Modern Slavery Policy
- Group policies review and recommendation for Board approval (Human Rights Policy and Community Engagement Policy)
- External evaluation follow-up
- Review of the Committee's performance and its terms of reference
- Review of the work plan for 2021

This year, we introduced an environmental, social and governance (ESG) metric to our Group CEO's KPIs and for other relevant employees. A score of 14% (140% of target) was attained, reflecting improvement in our ESG ratings along with multiple external awards for our projects and reporting, described in more detail below.

We devoted a significant amount of time to refining our climate strategy and making sure that it aligns with Group strategy. We are increasing the amount of green financing we use and the share of ESG instruments has now reached 16% of total debt. As part of this, we have agreed a \$125 million Green Loan with Société Générale. This innovative transaction is the first in the Russian metals and mining industry, embedding the Company's ESG principles into its investment decisions. This in turn provides reassurance to our stakeholders that our business strategy is aligned with the UN's Sustainable Development Goals.

We have ambitious plans for next year. We will review and strengthen our climate strategy and goals. Focus sessions

are planned on renewable energy and biodiversity. Joint meetings are planned with the Audit and Risk Committee to ensure that our risk systems cover all aspects of safety and sustainability. We will continue our in-depth review of all stakeholders with a particular focus on the communities where we operate. We will track our progress towards our goals. This increasing emphasis on sustainability does not, however, impinge on our core commitment to the absolute safety of our employees and contractors.

With my fellow Committee members, I am looking forward to undertaking these duties on behalf of the Company and its stakeholders.



Tracey Kerr
Chair, Safety and Sustainability Committee

ESG scorecard

In line with the Company's enhanced emphasis on ESG, from 2020 the KPI structure for the Group CEO has been changed by introducing a 10% ESG KPI. The sustainability/ESG KPI is defined each year by the Safety and Sustainability Committee in line with the Group's long-term targets and is based on a comprehensive scorecard.

For 2020, our focus was on environment, personnel and social partnership in host regions. As this was the first year of operating the programme, we made sure that we were putting in place a structure that would work for the long-term and address the most important matters for Polymetal. This included:

- developing a detailed programme for greenhouse emissions reduction;
- reducing fresh water use for processing;
- implementing a diversification programme;
- categorising social projects and assessing the efficiency of social investments.

Performance against the scorecard was assessed by the Safety and Sustainability Committee and recommended for approval by the Board, with the Group CEO abstaining on any decisions in relation to the scorecard. For 2020, the Group achieved a result of 140% for the ESG KPI on the back of a strong performance in our ESG programmes.

Further information on remuneration is available in the Remuneration Committee's report on page 143 of the Annual Report.

In 2021 we will continue to ensure that the ESG KPI is further developed, that its criteria are stretching and measurable, and that targets are aligned with the Group's overall strategic approach to ESG.

To ensure consistent application and measurable results, the ESG KPI cascades down to all relevant employees: Group CEO, COO, mine directors, subsidiary directors and their deputies, senior managers in the management company and heads of the main operational units and their deputies.

Group 1

CEO and COO

Group 2

Mine directors, subsidiary directors and their deputies, top managers in the management company

Group 3

Heads of the main operational units and their deputies

Accountable for our impact

Aligning sustainability with consistently robust investor returns requires us to apply high levels of innovation and to be accountable for our actions.

Delivering on our sustainability objectives requires leadership from the very top of the organisation. Our approach is therefore overseen by Board-level committees, with our Group CEO having ultimate accountability. During the year, our Board conducted several sustainability performance reviews, as well as approved sustainability initiatives and our reporting.

Transparent corporate governance

As of this report's publishing date, our Board was made up of nine members: a non-executive Chair, executive Director and seven non-executive Directors. Excluding the Chair, six members of the Board are independent non-executive Directors. The Chair and non-executive Directors evaluate the Company's management and performance, review financial information and monitor internal risk management procedures and controls. Directors disclose any interests each year and the Company Secretary is alerted to any changes to these interests.

We fully comply with the UK Corporate Governance Code and consider that the Board and its Committees have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their respective duties and responsibilities effectively and with integrity. Their expertise is particularly pertinent to sustainability topics ranging from health and safety, operational risk management, environment and climate change (including policy, carbon neutrality pathway, climate risk management, TCFD compliance), to human capital, culture and change management, corporate performance enhancement, leadership development, procurement and information security.

We have included additional information on our Board in the Corporate Governance section of our Annual Report.

Safety and Sustainability Committee

The Safety and Sustainability Committee has a mandate to provide support to the Board on the Group's safety record, sustainability performance and ethical conduct. It oversees our approach and implementation of short- and long-term policies and standards. The Committee also makes sure that we work ethically, transparently and responsibly, engaging with key stakeholders and local communities. The Committee convened three times in 2020, covering a wide range of social and environmental issues (see page 12). It also held a joint session on risks with the Audit and Risk Committee.

Remuneration Committee

Our Remuneration Committee sets the framework and broad remuneration policy for the Chair, Group CEO and the executive management team. Its guiding principle is sustainable shareholder value creation, taking into account the interests of all stakeholders.

The Committee ensures that senior managers and Directors are compensated fairly for their work, with pay levels and bonuses set in line with Group strategy. Senior management remuneration – including that of the Group CEO and COO – takes into account safety key performance indicators. This is also reflected in our remuneration structure throughout the Group, and reflects the importance we place on safety (see page 29). In 2020, the Committee integrated sustainability and ESG criteria into performance-related pay systems.

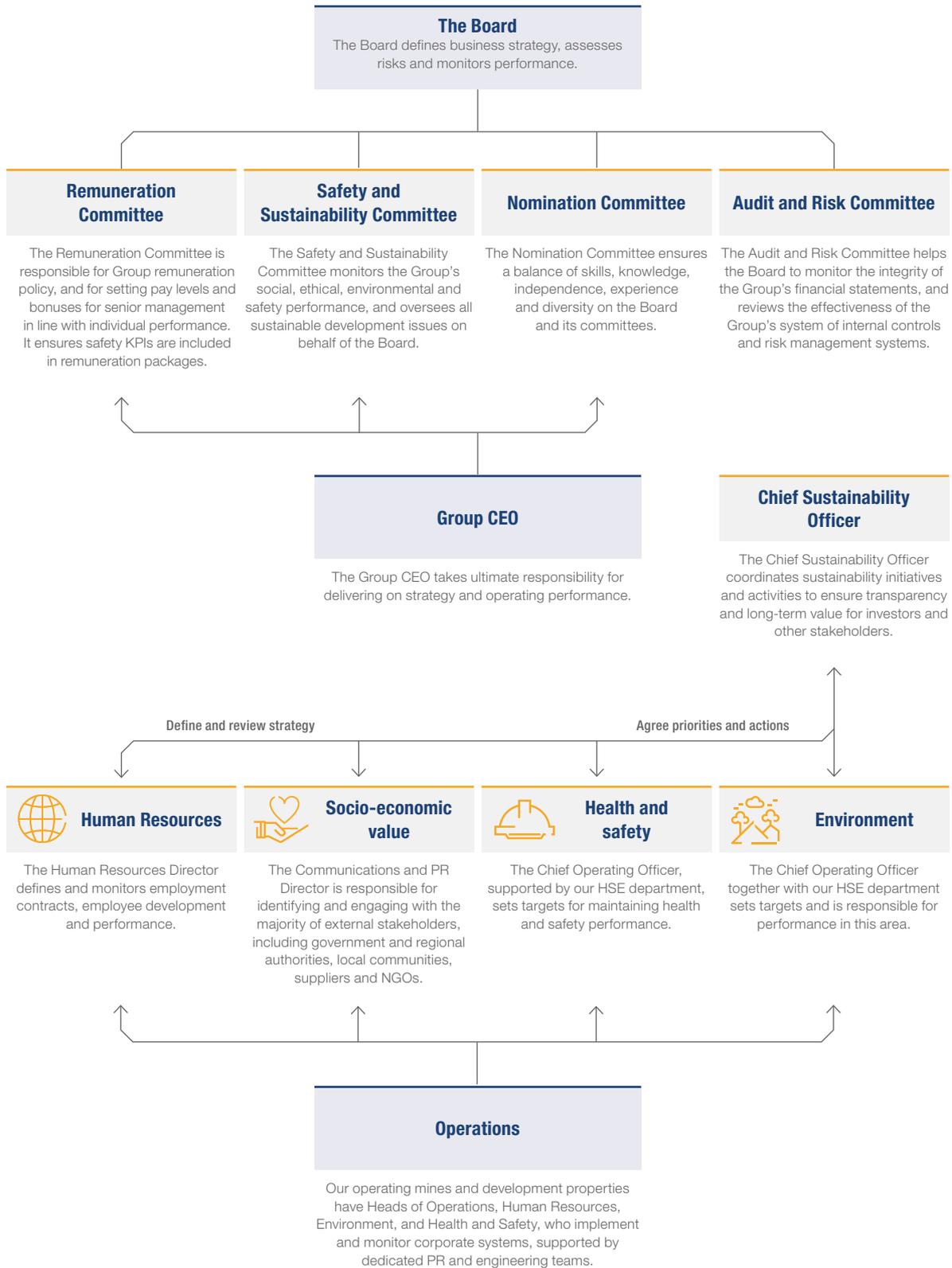
Nomination Committee

The Nomination Committee is responsible for recommending Board and committee members. Its role is to ensure that a balance of skills, knowledge, independence, experience and diversity are reflected. This helps sustain and develop our healthy corporate culture. The Committee regularly reviews executive leadership needs and priorities, assesses performance of the Board and non-executive Directors and ensures our continued success in the marketplace.

Audit and Risk Committee

The Audit and Risk Committee is independent and consists of non-executive Directors who are highly experienced in financial reporting and risk management. The Committee's approach to discipline reflects the overall Group principles of governance, ensuring consistent quality in reporting, internal control and risk management processes and transparency of financial statements.

Our governance framework



Managing sustainability risks effectively

Our Risk Management System is designed to help minimise operational, financial and sustainability risks. The robustness and rapidity of our risk response was tested during 2020 as we dealt with the Covid-19 pandemic.

Identifying risks to our people, our business and to wider stakeholders is an ongoing activity. Our Risk Management System ensures that risks are appropriately identified, assessed against tolerance levels and managed Group-wide. Whilst each one of us has a responsibility to identify and communicate risks, ultimate accountability lies with our Board and executive management.

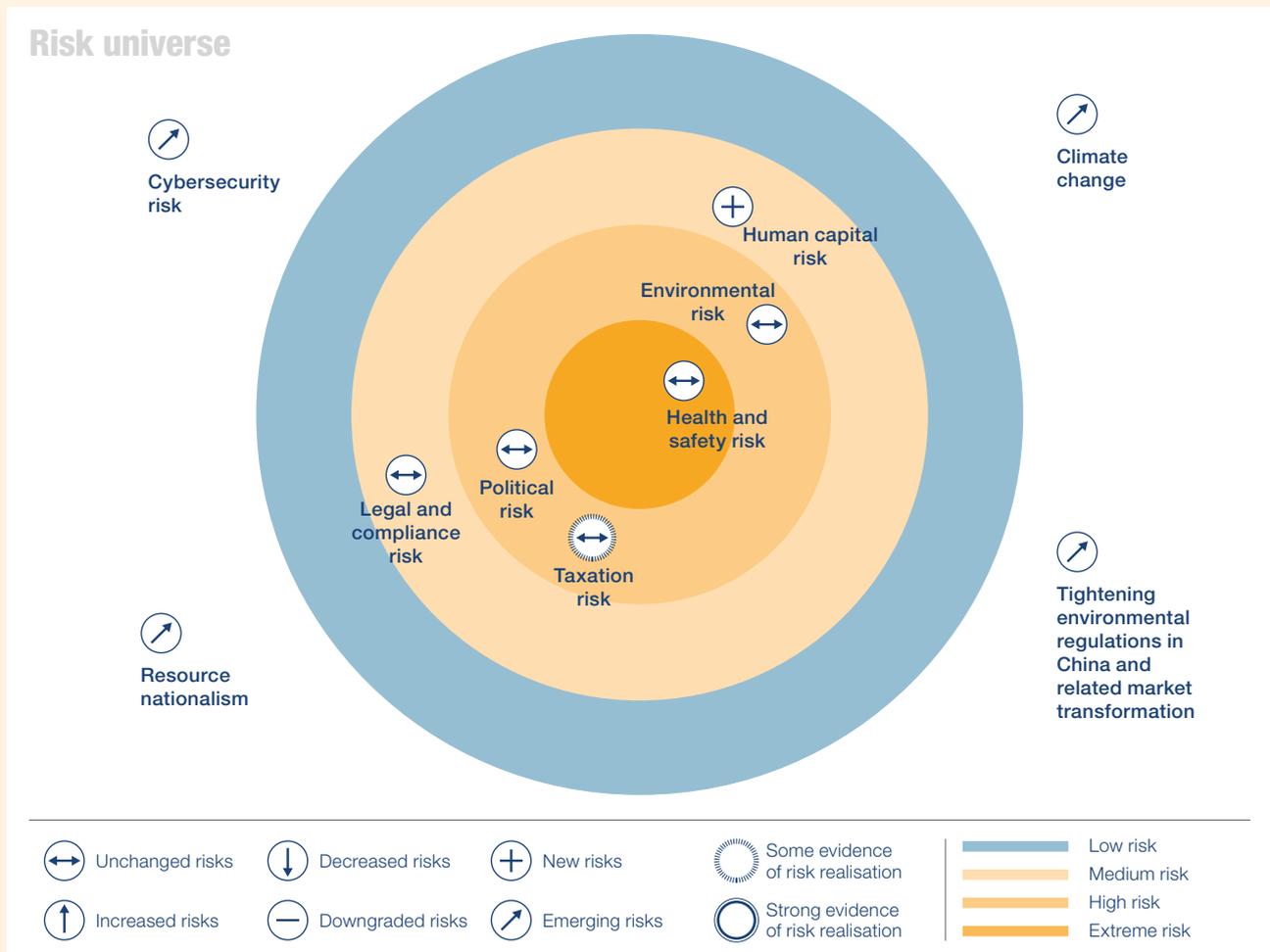
In 2020, we updated our list of principal risks to reflect external factors such as the Covid-19 pandemic, interest rate decreases, amendments to the double taxation treaty with Cyprus, environmental incidents in our industry and new requirements around managing climate-related risks and opportunities. We also upgraded human capital risks to principal as a result of Covid-19. These updates do not impact the fundamentals of our Policy or Management System.

Accountability

The Board oversees how principal risks are defined and their potential impact on our business model, day-to-day operations, future performance, stakeholders and our solvency or liquidity. The Audit and Risk Committee develops risk management strategies and oversees their implementation. All stakeholders feed into our risk strategies through engagement – including government agencies, employees, local communities, non-governmental organisations, the financial community, suppliers and customers.

➔ Read more about our risk management, risk assessment methodology and emerging risks in our Annual Report 2020 on pages 86–97.

Risk radar



Sustainability risks are formally embedded within the RMS, with significant risks determined based on the strategic goals of the Group, available resources, risk appetite and

opportunities. Along with operational and financial risks, sustainability risks are also included in the annual internal audit plan.

<p>1. Health and safety risk</p> <p>Risk level:  Extreme risk</p> <p>Risk exposure trend:  2020 – No change</p>	<p>Risk description and potential effect The Group operates potentially hazardous sites such as open-pit and underground mines, exploration sites, processing facilities and explosive storage facilities. Working on the production sites may pose a risk for our employees and contractors due to various hazards and harmful factors.</p> <p>Mitigation Our approach to health and safety is about a zero-harm culture.</p> <p>Safety responsibility comes from the top: our Group CEO and COO, alongside Deputy CEOs responsible for HR, Engineering, Construction and Mineral Resources, are formally committed to personal accountability, with health and safety indicators making up a material part of their annual bonus KPIs. They can be subject to penalties of up to 50% of their annual bonus earned for non-safety-related KPIs if severe incidents or fatalities occur.</p> <p>Each key process and location has its own risk map and mitigation plan. We develop an annual action plan for key risk areas, and implement mitigation activities across engineering improvements and additional training. This includes training, health and fatigue monitoring, upgrading safety equipment, route optimisation, regular road safety inspections and improving work and rest conditions.</p> <p>Our Occupational Health and Safety Management System is audited annually for compliance with ISO 45001.</p> <p>Principal areas of focus in 2020 In 2020, there were no fatal accidents among Polymetal employees or contractors, compared with two fatalities in the previous year. LTIFR for employees decreased by 38%, with 11 out of 13 injuries classified as minor.</p> <p>To address road safety, Polymetal applied a driver-vehicle-environment approach to develop a detailed road safety programme, consisting of 37 control and mitigation measures. The Company improved controls over other risks, applying digital technologies where relevant, such as a mine-and-plant worker positioning system, devices warning about electric voltage and collision avoidance systems.</p>
<p>2. Environmental risk</p> <p>Risk level:  High risk</p> <p>Risk exposure trend:  2020 – No change</p>	<p>Risk description and potential effect By the nature of its production processes, the Company has an impact on the environment. The main environmental risks are emissions (emissions and discharges) of pollutants, incidents at tailings storage facilities, explosives storages and water treatment facilities. Environmental risk factors includes natural ones: climatic, atmospheric, hydrogeological, geological, etc.</p> <p>Environmental risk realisation may lead to financial expenses, such as fines and penalties, excess payments, environmental restoration costs and statutory liability, and an increase in social and environmental tension.</p> <p>Mitigation The Company has a certified environmental management system developed in accordance with the requirements and principles of ISO 14001. The Company confirms compliance with the requirements of the standard each year. The environmental impact assessment is reviewed by the regulator. External experts annually perform a safety review of one of the tailings storage facilities.</p> <p>The Company has implemented a Cyanide Management System in order to unify the approach to cyanide management, to identify and minimise the risks of potential negative effects of cyanide on the environment and the health of employees.</p> <p>The Group continually evaluates whether the current measures are sufficient and effective, develops action plans, and reviews and implements procedures that expose any deviations at every stage of an operation's life-cycle.</p> <p>Principal areas of focus in 2020 In 2020, actions were taken to reduce the consumption of fresh water for process needs, alongside modernisation and refurbishment of water treatment facilities at Albazino, Voro, Kyzyl and Dukat. At Mayskoye, the Tailings Storage Facility was audited by Knight Piésold Limited. We began a compliance audit of our Varvara operation and plan to roll out the Cyanide Management Code certification to the rest of our sites where cyanide is used (Omolon, Svetloye, Mayskoye and Dukat).</p> <p>In Q4, following the 2020 Corporate Sustainability Assessment by S&P, Polymetal was added to the Dow Jones Sustainability World Index for the first time and retained its place in the DJSI Emerging Markets Index.</p>

Managing sustainability risks effectively continued

<p>3. Human capital risk</p> <p>Risk level:  Medium risk</p> <p>Risk exposure trend:  A new principal risk</p>	<p>Risk description and potential effect The unprecedented speed and scale of Covid-19 outbreaks has prompted us to recognise human resources (including their physical wellbeing) as a principal risk factor.</p> <p>Inability to retain key personnel or to recruit new personnel, insufficient qualification of employees, and possible adverse changes in labour laws can affect operations, culture and environment where business can thrive.</p> <hr/> <p>Mitigation Our corporate culture is crucial for delivering the long-term success of the Company and the Board recognises that our employees are central to this process.</p> <p>The main principles and approaches to personnel strategy implementation are based on international best practice, generally recognised principles and rules of international law, as stated in the Human Resource Policy.</p> <p>The Group has an internal communications system enabling it to monitor independently employee satisfaction. There are direct lines to the Group CEO and departmental heads. Employee satisfaction surveys are conducted on a regular basis with a summary provided to the Nomination Committee.</p> <p>Our Remuneration Policy is aimed at achieving results, motivating and retaining of all levels of personnel, prioritising functional areas and staff shortages in the labour market. We have incentive programmes to help retain key employees. The Company maintains a Talent Pool.</p> <hr/> <p>Principal areas of focus in 2020 In response to Covid-19, strict precautionary procedures have been maintained at all production sites, including daily temperature checks, regular medical surveillance and 14-day isolation of new shifts, isolated accommodation space for placement of potentially infected employees, enhanced hygiene protection in public spaces and increased control over disinfection and sterilisation measures. Personnel at offsite offices are tested on a rolling two-week basis.</p> <p>Polymetal provided financial and operational support to healthcare facilities across all regions of operation, including purchasing critical PPE, medical supplies and specialised diagnostic equipment.</p> <p>In response to tighter competition for qualified labour and higher employee retention risk in the gold mining sector, the Remuneration Committee approved a second unscheduled 5% indexation of the base salary for all Company employees from 1 September 2020.</p> <p>In 2020, employees from every subsidiary used various workforce engagement channels to ask questions on a wide range of topics: out of these, 43 questions were addressed to the Board. Key areas of focus for workforce engagement and details of continuous feedback can be found on page 36.</p>
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4. Legal and compliance risk

Risk level:

Medium risk

Risk exposure trend:

2020 – No change

Risk description and potential effect

Operating in developing countries, such as Russia and Kazakhstan, involves the risk that changes in tax and other legislation may occur.

The most sensitive areas are the regulation of foreign investment in the development of mineral resources at so-called strategic deposits, private property, environmental protection and taxation.

In recent years, the governments of Russia and Kazakhstan have become more consistent when introducing new regulations and taxes, demonstrating an awareness of investment climate issues.

Failure to adhere to the applicable requirements and recommendations of regulators may cause sanctions, loss of licences for mineral properties, and penalties, and may also affect the reputation of the Group.

Mitigation

We have a successful track record of operating in Russian and Kazakh jurisdictions. The Group implemented monitoring and compliance-control procedures related to the provisions of applicable laws, requirements and recommendations of regulators, corporate governance standards and the Group's internal policies and procedures.

We strive to create a more favourable regulatory environment by being a member of various voluntary non-governmental organisations in Russia and Kazakhstan:

- Russian Union of Industrialists and Entrepreneurs
- Russian Chamber of Commerce and Industry
- Kazakhstan National Chamber of Entrepreneurs
- Kazakhstan Tax Payer Association.

Polymetal also holds membership in mining associations including the Russian Gold Producers' Union, Kazakhstan Mining Association and Kazakhstan Precious Metals Producers Association. Our representatives participate in Kazakhstan's Foreign Investors' Council.

Principal areas of focus in 2020

The Company's representation on industry-related committees and panels enables Polymetal to act in a timely and coordinated manner in response to new challenges coming from executive and legislative branches that could potentially affect the Company's business. Due to such representation, the Group is able to develop and channel a carefully reasoned position on key issues to stakeholders as well as prepare for the implementation of any new regulations.

5. Political risk

Risk level:

High risk

Risk exposure trend:

2020 – No change

Risk description and potential effect

Operating in Russia and Kazakhstan involves some risk of political instability, which may include changes in government, negative policy shifts and civil unrest.

Financial and economic sanctions imposed from 2014–2020 by the US and the EU on certain businesses and individuals in Russia increased political tensions.

Russia's complicated relations with the US and EU may potentially present a risk to the Group's operations.

These factors may have a negative impact on the ability of the Group to secure external financing.

Mitigation

The Group actively monitors political developments on an ongoing basis. We aim to maintain open working relationships with local authorities in the countries where we operate.

The Company has designed and implemented a Group Sanctions Compliance Policy, outlining general principles and approaches to sanctions compliance in the Group's operations. Respective Local Sanctions Compliance Policies have been adopted in Russia and Kazakhstan.

Principal areas of focus in 2020

Sanctions imposed on Russian individuals and businesses from 2014–2020 have not currently had any direct influence on the Group's operations. Neither the Group nor its major shareholders are targeted by US or EU sanctions. However, to a limited extent, sanctions have affected the macroeconomic situation in Russia.

Managing sustainability risks effectively continued

<p>6. Taxation risk</p> <p>Risk level: ■ High risk</p> <hr/> <p>Risk exposure trend: ↑ 2020 – Increase</p>	<p>Risk description and potential effect</p> <p>Russian and Kazakhstan tax laws are subject to frequent changes and allow for various interpretations. Tax authorities generally interpret laws and tax audits more strictly.</p> <p>As a result, the Group management’s interpretation of the tax laws applicable to the Group’s operations and activities, may be challenged by relevant tax authorities.</p> <p>International companies will continue to be subject to considerable public scrutiny across the world within the Base Erosion and Profit Shifting (BEPS) action plan.</p> <p>The Group carries out its activities in several jurisdictions and this gives rise to complex rules of transfer pricing that are linked with uncertainty and subjectivity.</p> <hr/> <p>Mitigation</p> <p>Our approach includes constant monitoring and analysis of changes in Russian and international tax laws, law-enforcement practice and recommendations of supervisory authorities.</p> <p>The Group introduced a transfer pricing methodology complying with the requirements of OECD and local standards. The Group updates the procedure each year to ensure that operations between Group companies are strictly commercial.</p> <p>To date, the Group is not aware of any significant outstanding tax claims which could lead to additional taxes accrued in the future (beyond amounts already booked or disclosed in the Group’s financial statements). The Group applies a conservative approach to provisioning for probable tax liabilities.</p> <hr/> <p>Principal areas of focus in 2020</p> <p>In 2020, the global Covid-19 pandemic exerted a significant impact on economic policies globally, which in turn may lead to a tightening of fiscal policies, revision of incentives measures and tax benefits.</p> <p>Examples of such measures include amendments to some double taxation agreements initiated by Russia, aimed at increasing the tax deducted at a source for some payments, as well as a significant increase in the mining tax rate related to base metals, which has had limited impact on the Group so far.</p> <p>The Group does not currently have any information on any specific changes in tax laws that might lead to a significant increase in the Group’s tax burden.</p>
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Emerging risks

In addition to current risks, we identify and address emerging risks that could significantly impact the Company’s financial strength, competitive position or reputation. Since these can be complex and difficult to forecast, we involve senior and line managers in the dialogue, as well as identifying risks through internal communications, technical council meetings, and project risk analysis.



Supporting colleagues and communities through Covid-19

The coronavirus pandemic brought humanitarian and economic devastation on a global scale during 2020. For Polymetal, it reinforced that workplace safety and wellbeing are critical to business continuity. It also highlighted the importance of our community investments in healthcare: contributing to better medical support in regions of operation was a priority for us this year.

Immediate response

Our response was rapid and robust. Immediately, site medical facilities switched to 24/7 servicing, with thermometers, rapid-response test kits and personal protective equipment (PPE) available to all staff, including contract workers. Site deep-cleaning was intensified, with additional hand sanitisers, germicidal lamps, ozone generators and air re-circulators installed at all welfare facilities.

For those working on a fly-in/fly-out basis, site shifts were rescheduled to allow for 14-day quarantine periods. We provided isolation facilities for employees and contractors arriving for a shift. Office-based colleagues were advised to work remotely with flexible hours if needed.

Staff welfare and financial support

We continue to rigorously monitor active cases for all employees and employees are only allowed to enter the workplace after a negative test. For high-risk individuals (those above 65 or with underlying health issues), we advocate remote working. For anyone who has suffered a serious Covid-19 infection, we work closely with local health institutions and wellbeing consultants to support long-term rehabilitation. Travel to remote sites is carefully managed to maintain social distancing and a free taxi is provided for office employees. This approach to working arrangements is expected to continue to at least the second quarter of 2021. We are preparing to start vaccinating employees, and waiting for the Russian Sputnik-V vaccine to become broadly available.

At the heart of our Covid-19 support to colleagues are clear communications and expert connections. Examples included:

- a hotline and Covid-19 coordinators at each site;
- support highlighted via intranet, company newspaper and information desks;
- online training and team-building competitions for those in quarantine;
- mental health tips and webinars;
- Q&As answering employee concerns.

One of the most frequent employee concerns related to the payroll impacts of quarantine, rescheduled shifts and remote working. We are pleased to report that remuneration has not been affected by the pandemic restrictions, with quarantine and overtime compensated.

Key numbers and events

+\$5m

per month invested in Covid-19 protection

48,200

Covid-19 tests issued, 1,451 positive cases

5

employees (four in 2020 and one in 2021) died of the disease or its consequences

Olcha mine (part of the Omolon hub): outbreak in August with approximately 50 infected and 5-week stoppage. All have recovered.

Mayskoye mine: outbreak in September, with all infected persons and their contacts transferred to observatory facilities or hospitals. Site activities remained unaffected.

➕ Read more on how Covid-19 affected our operations and finance in our Annual Report on pages 04–05, 30–31, 72, 88

Additionally, in September we increased salaries across the Group by five per cent in order to show our support to employees and their families during these challenging times.

➕ Read more about our employee Covid-19 support in our Annual Report on pages 114–15

+5%

above inflation pay rise for all employees

Covid-19 hotline, mental health tips and quarantine time compensation

Support for our communities

As a result of the pandemic, we scaled up our existing community investment, adding an extra \$3.4 million in financial support for healthcare facilities. This was mainly related to supplying PPE, medical and specialised diagnostic equipment. Our employees volunteered to provide vulnerable groups with essential products. In St. Petersburg, Russia we funded scientific research into Covid-19, in collaboration with public medical institutions and private clinics. The research involved telephone surveys of 14,000 people and antibody tests with three different systems for a sample of 2,500 volunteers.

➕ Read more about our community support on pages 60–61

Proactive dialogue with our stakeholders

Engaging with stakeholders is critical to our licence to operate and continued high performance. As well as operating as a responsible business and mitigating risks that may impact society, we also proactively invest in meaningful dialogue with a diverse range of stakeholder groups.

Stakeholder group	Shared value	Related risks	How we manage these risks
Employees 	<p>Our people are one of our core strengths and assets; the success of our business depends upon their expertise, dedication and skills.</p> <p>In return, we provide competitive remuneration, ensure decent working and living conditions, and invest in professional and personal development. We also ensure a safe and healthy working environment.</p>	<ul style="list-style-type: none"> • Human rights risks • Unfair remuneration practices • Unequal opportunities for recognition and development • Insufficient or untimely communication, lack of feedback opportunities • Impact of Covid-19 on working conditions 	<ul style="list-style-type: none"> • Salaries comparable to or above industry levels • Effective system of personnel development, improving professional and managerial skills • Providing favourable social and living conditions for employees • Ensuring open dialogue and feedback mechanisms
Communities 	<p>We share the resources we depend upon with communities and positive relationships are essential.</p> <p>We work directly with communities and with relevant non-profit organisations for mutual benefit. In particular, we focus on ensuring the rights of indigenous communities and supporting them to flourish.</p>	<ul style="list-style-type: none"> • Human rights risks • Local communities' concerns with changing living conditions • Negative impact on the traditional way of life of indigenous peoples • Pandemic-related support 	<ul style="list-style-type: none"> • Identifying social risks through ongoing dialogue with local communities • Social investments in the development of territories
Government/ local authorities 	<p>Positive relationships with national and local governments are critical to our licence to operate. We comply with all laws and regulations and engage transparently, particularly on mining legislation issues.</p>	<ul style="list-style-type: none"> • Negative effect on national interests of the country of operation 	<ul style="list-style-type: none"> • Social partnership agreements • Ensuring best practice in labour relations, environmental management, safety, etc. and communicating them to the authorities • Transparent tax payments and disclosure
Suppliers, contractors and customers 	<p>Those we trade with are vital to our value creation. We build stable, long-term relationships based on mutually beneficial terms.</p> <p>In collaboration with our business partners, both up and down the supply chain, we strive for 100% compliance with ethical, environmental and safety standards.</p>	<ul style="list-style-type: none"> • Payment delays • Breach of contractual obligations • Actual contractual costs exceeding the planned budget 	<ul style="list-style-type: none"> • Setting the same safety requirements for contractors we do for our employees • Focusing on long-term cooperation with contractors
Capital providers 	<p>We constantly deliver sustainable value to our shareholders and have strong partnerships within financial markets. In turn, these investors provide the capital to develop and expand our operations responsibly and sustainably.</p>	<ul style="list-style-type: none"> • Failure to deliver on strategy (including meeting production guidance, launching new sites and paying dividends) • Reputational and compliance risks • Failure to maintain an 'investment-grade' credit rating • Insufficient or untimely information disclosures 	<ul style="list-style-type: none"> • Corporate governance system that meets stock exchange requirements • Financial and operational KPIs • Transparent dividend policy and capital management • Risk management system • Financial discipline and sufficient liquidity maintenance

In doing so, we create long-term value for wider society. We engage with our stakeholders through a range of channels and any feedback or concerns inform our materiality decisions, as well as our disclosures and risk management.

Key issues 2020	How we engage	Read more
<ul style="list-style-type: none"> • Wages, benefits and social packages • Equal career and professional development opportunities • Support and engagement during Covid-19 • Human rights • Working and living conditions • Health and safety • Internal communication • Training and professional development • Compliance with relevant ESG standards and best practices 	<ul style="list-style-type: none"> • Employee satisfaction survey • Worker councils and their representatives • Internal hotline, website, intranet and feedback mechanism • Meetings and face-to-face communication with management • Performance reviews • Employee questions to the Group CEO and Board with internally published responses 	<p>⊕ Read more on pages 32–37</p>
<ul style="list-style-type: none"> • Pandemic-related support to local healthcare institutions • Infrastructure development • Financial contributions and in-kind donations • Human rights • Grievances mechanisms • Local employment • Environmental and health impacts • Local culture, lifestyle, language and traditions 	<ul style="list-style-type: none"> • Grievance mechanisms (telephone, email, etc.) • Opinion polls and questionnaires • Public hearings and site visits • In person and online meetings with company representatives, including annual results meetings • Press conferences and Q&As • Working groups • Corporate disclosure: website, sustainability reports, media, etc. 	<p>⊕ Read more on pages 58–64</p>
<ul style="list-style-type: none"> • Regulatory compliance • Taxes • Labour issues • Health and safety • Environmental responsibility • Infrastructure and community development • Local employment 	<ul style="list-style-type: none"> • Working groups and meetings • Direct correspondence • Industry conferences 	<p>⊕ Read more on pages 19–20, 65</p>
<ul style="list-style-type: none"> • Compliance audits with Polymetal's requirements, with a focus on safety, environmental stewardship and labour practices • Supply chain transparency • Financial performance 	<ul style="list-style-type: none"> • Direct correspondence • Contractual relationships • Meetings and trainings • Industry conferences 	<p>⊕ Read more on pages 66–69</p>
<ul style="list-style-type: none"> • Financial, operational and sustainability performance • Capital allocation and dividends • Alignment of shareholder and management interests • Investment projects development • Mergers and acquisitions • Refinancing; attracting new long-term financing • ESG approach • Health and safety • Managing Covid-19 risks 	<ul style="list-style-type: none"> • Constructive dialogue at the General Meetings • Annual and Sustainability Reports • Timely information disclosures via corporate website and accredited news agency websites • Conferences and Investor days • ESG meetings • Presentations and conference calls • Site visits • Direct communication 	<p>⊕ Read more in our Annual Report</p>

What matters most

Maintaining high standards of corporate governance and sustainable development requires a focused approach on the issues that stakeholders tell us are the most material to Polymetal – and to society and the environment.

Key:

-  Target achieved
-  Target on track
-  Target not achieved

Material issues	Targets	Performance in 2020	Status
Health & safety 	• Ensure zero fatalities	• 0 reportable fatalities	
	• Maintain LTIFR below 0.2	• 0.12 LTIFR (2019: 0.19)	
	• Year-on-year decrease in absent days following accidents	• 1,583 absent days following accidents (2019: 1,760)	
Employees 	• Maintain turnover rate below 6%	• 6.5% employee turnover (2019: 5.8%)	
	• Improve equality and diversity, including women's representation in the Talent Pool	• 21% of employees are women (2019: 21%), with 25% of women in the Talent Pool	
	• Support labour rights	• 83% employees under collective agreements	
Climate change 	• Reduce GHG emissions intensity by 5% by 2023 (baseline 2018)	• 4% decrease in GHG intensity compared to 2019	
	• Achieve 7% of total electricity generation from renewable sources by 2025	• 3,586 GJ of renewable energy generated – less than 1% of total generation	
	• Update climate change scenarios and implement mitigating actions required to achieve the 2°C trajectory in 2021	• Conducted scenario analysis and climate risk assessment	
Water 	• Reduce fresh water use ¹ by 11% per tonne of ore processed by 2023 (baseline 2018)	• 36% y-o-y decrease in fresh water use for processing per unit of production (in the target scope)	
	• Increase water recycled/reused	• 89% of water reused/recycled (2019: 87%)	
	• Ensure zero water contamination	• 1 case of untreated water discharge	

¹ Excluding water for non-technological purposes

Material issues	Targets	Performance in 2020	Status
Waste and pollutants 	<ul style="list-style-type: none"> Reuse or recycle at least 16% of waste by 2023 Achieve 15% dry-stack tailings storage by 2024 Decrease sulphur dioxide emissions intensity by 1% by 2020 (2016 baseline) 	<ul style="list-style-type: none"> 17% of waste reused (2019: 14%) 11% of tailings dry stacked (2019: 10%) Sulphur dioxide emissions intensity decreased by 26% to 0.055 t per kt of ore processed (2016: 0.074 t per kt of ore processed) 	<ul style="list-style-type: none">   
Biodiversity and lands 	<ul style="list-style-type: none"> By 2023 design a framework to evaluate Polymetal's biodiversity footprint By 2023 develop biodiversity action plans for all high-risk sites, in collaboration with scientists, NGOs, and local communities By 2023 examine a path to net-positive impact on biodiversity 	<ul style="list-style-type: none"> Not applicable, target set in 2020 Not applicable, target set in 2020 Not applicable, target set in 2020 	<ul style="list-style-type: none">   
Communities 	<ul style="list-style-type: none"> Ensure zero community conflicts Ensure positive engagement Maintain the level of financial giving 	<ul style="list-style-type: none"> Zero conflicts 151 letters of gratitude 572 inquires received and resolved (2019: 588) \$17.9m invested (2019: \$15.1m) 	<ul style="list-style-type: none">   
Supply chain 	<ul style="list-style-type: none"> Purchase from local suppliers whenever possible Increase supplier engagement in sustainability 	<ul style="list-style-type: none"> 43% local purchasing (Kazakhstan: 82%; Russia: 37%) Implemented human rights clauses in all contracts with business partners 	<ul style="list-style-type: none">  

Moving towards a safer world



The past year has been a stark reminder of both our vulnerability and our connectedness as a civilisation. These themes have long resonated with Polymetal as we place great emphasis on robust risk management and trusted community relationships.

Like in most organisations, our systems were tested during Covid-19. I am pleased to say that they held up well, containing site outbreaks from spreading and enabling production continuity. Our zero-harm culture requires decisive leadership – this is why our CEO and COO – and their deputies – all have health and safety indicators as part of their remuneration-linked KPIs. It has also required all eyes to be on critical risks and in 2020, we scaled up our work with contractors to take a firmer approach to risk mitigation. We also conducted an extensive assessment of all hazardous facilities built in permafrost areas, which confirm the stability and safety of these constructions at our operations.

Whilst managing the coronavirus risk for our people and communities, we allocated \$3.4 million in additional financial support to medical organisations for specialised diagnostic equipment, PPE and medicines. Partnerships and infrastructure investments in our neighbourhoods have always been part of our heritage as we recognise the social and economic responsibilities we have to those who host us.

Responsible tailings, water and climate management

We welcome the new Global Industry Standard on Tailings Management and have committed to compliance in all operations by 2023. Dry stacking technologies currently deployed at Amursk POX and Voro operations will soon



The last 12 months have only reinforced our commitment to working in partnership with industry peers, expert organisations, communities and governments to solve Environmental, Social and Governance (ESG) challenges.”

be rolled out to Omolon, Nezhda, POX-2, Dukat and Veduga, whilst also becoming standard in any new tailings storage facilities. We reduced our fresh water consumption by 36% in 2020 by reusing water and extracting waste water – in fact, we now reuse or recycle 89% of our water. Our plant at Voro received a best environmental solution award recognising its multi-stage water treatment system for safe water discharge.

On climate management, we saw a 4% reduction in greenhouse gas emissions intensity. This can be attributed to energy efficiency initiatives, a shift from diesel to grid energy sources and green energy contracts. We are also switching our mining fleet to electric vehicles, placing our first order of battery underground vehicles in 2020. As well as our two existing solar plants at Omolon and Svetloye, we are investing in more than 7 MW of solar and wind projects over the next three years. These investments not only help us meet our carbon targets (and, in turn our commitment to UN Sustainable Development Goal 13), but they also build the energy security of our remote sites.

In 2020, we disclosed land-related information via CDP Forest for the first time. We plan to continue to strengthen our biodiversity-related reporting in the years ahead, with a view to understanding our complete biodiversity footprint and achieving a net positive impact. We also agreed a Green Loan Principles-compliant loan – a world first for the gold mining sector. The \$125 million credit facility with Société Générale will attract long-term financing for our green projects and help us reduce our environmental impact.

Championing women in mining

In 2020, Polymetal co-founded the non-profit organisation Women in Mining Russia, together with other mining companies and industry-related partners. Our mission is to promote career development and leadership of women in the mining industry in Russian speaking countries, including Kazakhstan. This mirrors our work internally to achieve a balance of female senior managers, which we are tackling through our Talent Pool and management training around creating diversified teams.

Our shared responsibility

I want to thank my team and all colleagues at Polymetal, as well as our trusted partners and suppliers, for their hard work

to deliver on our sustainability priorities during challenging circumstances. Sustainability remains the cornerstone of Polymetal's business model – but, as 2020 has proven, we cannot be complacent. Nor can we progress in isolation from wider society.

It is why the last 12 months have only reinforced our commitment to working in partnership with industry peers, expert organisations, communities and governments to solve Environmental, Social and Governance (ESG) challenges. We continue to be guided by multi-stakeholder initiatives such as the UN Global Compact – the world's biggest

business sustainability initiative – in order to show our shared responsibility as we all move towards a safer world. We have also recently joined the Anti-Corruption Charter of Russian Business to actively support the voluntary implementation of special anti-corruption programmes by Russian companies that provide for internal control procedures, refusal of preferences, procurement based on open bidding, financial control, training and work with personnel and assistance to law enforcement agencies.

Daria Goncharova
Chief Sustainability Officer

Performance in 2020

LTIFR

0.12

2019: 0.19

Fatalities

0

2019: 2



GHG intensity
(t of CO₂e per Kt of ore processed)

76.3

-4% year-on-year

Energy intensity
(GJ per Koz of GE produced)

4,414

-3% year-on-year

Share of water recycled and reused

89%

+2 pps year-on-year



Dry stack tailings

11%

of total tailings

Material issue

Health and safety

No ounce of gold should be at the cost of human life or health. Operating in a high-risk industry, we have a responsibility to keep more than 12,000 employees – and our contract workers – safe at all times.

38%

reduction in Lost Time Injury
Frequency Rate (LTIFR)

Zero

fatalities

100%

operating sites certified to ISO 45001



Which guidelines do we follow?

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

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

Our targets

- Ensure zero fatalities
- Maintain LTIFR below 0.2
- Year-on-year decrease in absent days following accidents



Our approach

Our approach to health and safety is about strong leadership, a zero-harm culture and stringent risk management. Safety responsibility comes from the top: our CEO and COO, alongside Deputy CEOs responsible for HR, Engineering, Construction and Mineral Resources, are formally committed to personal accountability, with health and safety indicators part of their remuneration-linked KPIs. They can be subject to penalties of up to 50% of their annual bonus earned for non-safety-related KPIs if severe incidents or fatalities occur. In 2020, we changed our health and safety remuneration KPI from LTIFR to the number of days off work following accidents, with the aim of continuously decreasing the number and severity of injuries as well as their impact on health.

As well as decisive leadership, a safety-positive culture also means fostering a sense of self-responsibility and care for colleagues. Our Health and Safety Policy is supported by a communication campaign, which includes a system that tracks injury-free hours on site so employees and contract workers can monitor safety performance in real time. This system also creates competition between sites, with the best-performing teams receiving prizes and recognition. We ensure that employees can access health and safety messaging via a range of communication channels.



In 2020, we changed our health and safety remuneration KPI from LTIFR, which records frequency of accidents, to the number of days off work following accidents. This approach will help us monitor and address the severity of injuries.”

Health and safety

continued



These include our dedicated Safety Hotline, which enables any employee or contractor to report any concerns or suggestions so that we can take responsive measures.

Finally, risk management remains the bedrock of how we manage health and safety. Our Occupational Health and Safety Management System is in place across all operating sites and is audited annually for compliance with ISO 45001.

Risk assessment

Managing risk systematically is fundamental to our licence to operate. All production sites follow a Critical Risks Management system, supported by a Health and Safety Action Plan. We annually review and update health and safety risks, taking into account historic data on accidents and near misses, along with shift-by-shift risk assessments provided by employees. Each industrial process and site has its own risk map and mitigation plan. In 2020, we conducted 9,129 safety checks, including 1,773 among our contractors. Individual facilities across sites classified as hazardous are fully insured.

Despite decreasing since 2019, road accidents remained among the dominant risks in 2020. Other critical risks included being hit by an object, trips, falls and jams by rotating mechanisms. We continue to monitor wider risks, such as falling rock, combustion and electricity-related burns. For all workplace accidents and key incidents, we investigate and analyse the root causes by applying a ‘five whys’ approach, engaging authorities and informing relevant teams of proposed improvements.

Driver fatigue wristbands, Komar mine

Fatigue monitoring is crucial when it comes to road safety, especially for employees who work night shifts. This is why we are always looking for technologies and devices that help immediately identify any signs of the driver’s fatigue and send signals to the driver, dispatcher and, if needed, to all other drivers around.

As a part of this ongoing initiative, a pilot project was launched at the Komar mine, with five trucks equipped with wrist fatigue monitors. If any signs of sleepiness or fatigue are detected, the wristband sends a signal to the cabin’s panel and a yellow button flashes near the steering wheel.

Mitigation

Based on the annual list of critical safety risks, we develop an annual action plan. For each risk, operation sites implement mitigation activities covering administration, risk elimination, engineering improvements, training and visualisation. For instance, for road safety we applied a driver-vehicle-environment approach that included 37 control measures, from training and health and fatigue monitoring; to safety equipment, route optimisation and road safety inspections. We deploy smart technologies to mitigate risk, such as mine and plant worker positioning systems and electric voltage and collision warning systems. In 2021, we plan to extend mitigation measures to our development and exploration projects, where additional risks are related to staff transportation and accommodation at remote sites.

Engaging employees and contractors

Empowering employees to identify and report safety risks is critical to our approach. Our safety communication campaign involves contests, articles in our company newspaper (including personal stories), checklists, videos and visual communications toolkits. Each production site delivers weekly health and safety briefings. In 2020, Dukat mine piloted a system for employees to report concerns via mobile app, as part of its shift-by-shift risk assessment model.

As well as offering mandatory safety training by external accredited training centres, we use an internal virtual learning system, OLYMPOKS. It provides training around industrial processes, energy, environment, transport, fire, civil defence, emergencies and first aid. In the last year, 2,904 employees attended health and safety training sessions, either internally or externally.

The driver must confirm his or her alertness by taking a deep breath and pressing the button, otherwise, the system amplifies the signal. If there is still no response from the driver, the system starts beeping loudly, ultimately switching on external emergency signals to warn other drivers.

The pilot simulation is currently testing how well it can be integrated in our existing Automated Dispatch System and how effectively it identifies driver fatigue. Following positive results, it will be rolled out across the Komar mining fleet in 2021.

Working with our contractors, we highlight safety risks and share our expertise to help them mitigate such risks. We also regularly inspect contractors, collaborating to resolve any issues. We encourage contractors to compete alongside our employees in our 'Best in Profession' contests. In 2020, we developed specific criteria to assess risk by the contractor service type and in 2021 we will evolve our approach further, moving from engagement to compliance. This means ceasing contracts if non-compliance is found and, where there is no alternative contractor available (e.g. in remote regions), we will mandate safety controls through price negotiations.

Safety performance

In 2020, there were zero reportable¹ fatalities and the LTIFR decreased by 38% compared to 2019, with 11 out of 13 injuries classified as minor. The two severe injuries related to falls from height and hits by cargo when loading vehicles. Following all accidents, we reviewed site safety instructions and provided additional training. The number of days off work following accidents amounted to 1,583 days, a 10% decrease compared to 2019.

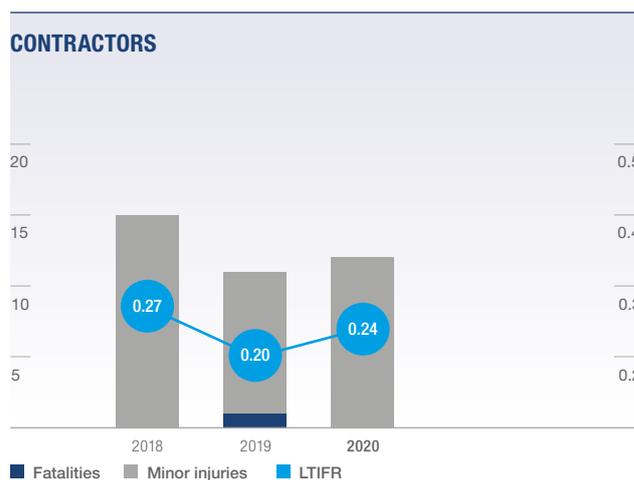
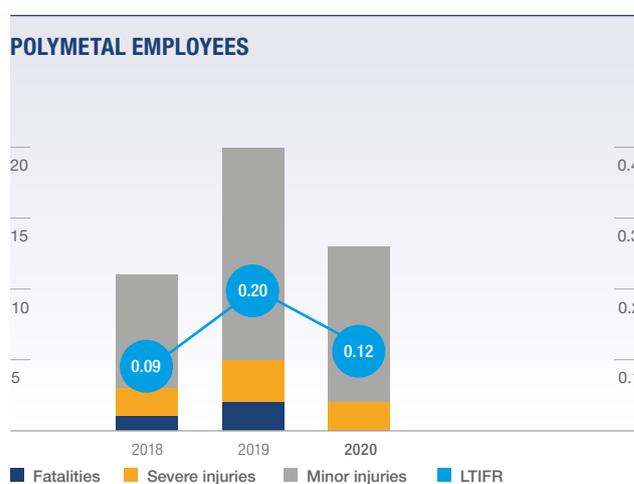
Among contract workers, there were zero fatalities and 12 minor injuries (2019: 10), with vehicle collision being the most frequent cause. Since half of contractors' accidents happened during geological exploration activities, we have launched a programme to extend health and safety management systems from operational to exploration projects, including assigning responsible employees.

Health and wellbeing

Third-party organisations conduct regular assessments of working conditions at Polymetal sites. Dedicated contractors are responsible for ensuring the highest hygiene standards, while employees receive regular medical check-ups (including daily health checks with an automated health monitoring system) and paid time off work for health appointments.

We provide fitness facilities and organise sports events (most of which were postponed in 2020 due to Covid-19), while also contributing to private health insurance and raising awareness about HIV and its transmission routes. In 2021, we plan to roll out corporate medical insurance plans through a leading insurance provider. We recognise that employee wellbeing is affected by privacy controls and we scrupulously protect their personal information, particularly when engaging contractors and third parties. In response to Covid-19, we improved our first-aid posts with medical devices and introduced organisational changes to support quarantine. Read more on page 21.

As for occupational diseases, a case of hearing loss was reported at our mine in Omolon and a case of silicosis at Dukat in 2020. Both employees had been working in underground mines for many years and they wanted to continue working with us, with one choosing to move to another position with a lower health risk.



10%
y-o-y decrease in days off work following accidents

¹ A reportable fatality is a work-related fatality as defined by the national legislation.

Material issue

Employees

Our talented people are what make us the successful business we are. Enabling them to grow, while upholding their rights and protecting their wellbeing, are fundamental priorities.

126

hours of training per employee per year

21%

female employees

100%

of operating site employees covered
by collective agreements

Best employer

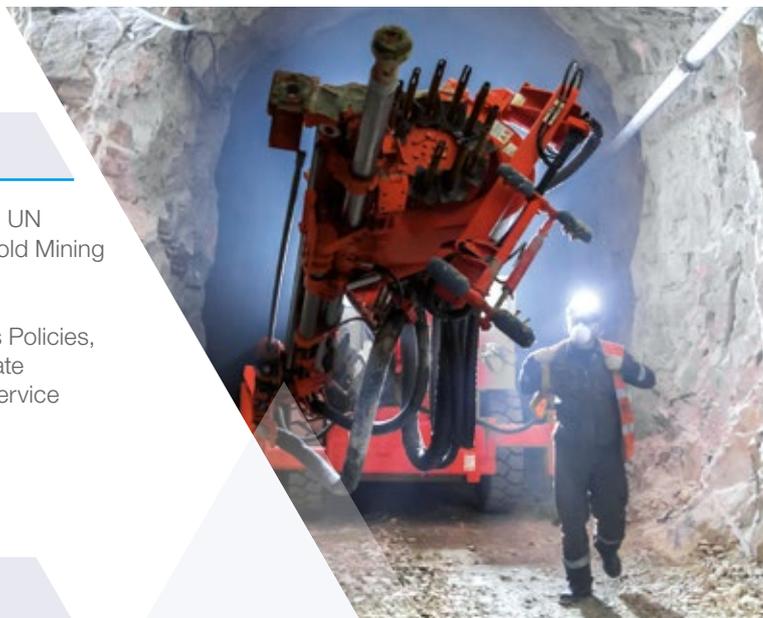
for gender equality in Russian mining, Forbes



Which guidelines do we follow?

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

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



Our targets

- Maintain turnover rate below 6%
- Improve equality and diversity, including women's representation in the Talent Pool
- Support labour rights

Our approach

We strive to offer fair and inclusive working environments, with competitive salaries and equal terms of employment. Attracting and retaining the best talent also requires us to be seen as an employer of choice – in 2020, we were proud to be ranked 20th out of the 200 best employers in Russia, and awarded first place in the metal and mining sector for gender equality (Forbes). During Covid-19, we have provided extra support to employees and their families through these challenging times. Find out more about staff welfare and financial support through the pandemic at page 21.

Our diverse operations require diverse skills, which are changing as technologies develop. We go beyond mandatory compliance and induction training, with individual development plans and annual appraisals for key positions. Diverse skills are nurtured in inclusive workplaces and we take a zero-tolerance approach to any form of discrimination or harassment. We enable employees to raise any issues or concerns without retribution and ensure adequate remediation steps. Complex or Group-wide issues are submitted to a Board-level committee for resolution.



Diverse skills and backgrounds are crucial for business success, and we take a zero-tolerance approach to any form of discrimination or harassment.”

Material issue

Employees

continued



Our integrity as a business relies on all employees and contract workers complying with our Corporate Code of Conduct. In it, we outline the ethical behaviours expected of all stakeholders and we explain our zero-tolerance stance on conflicts of interest, bribery, bullying and consumption of alcohol or drugs. The Code is supported by our policies which cover a broad range of issues.

Talent attraction and retention

Risks relating to human capital are listed among the Group's principal risks (see Risk management). We ensure our employees are fairly compensated, with minimum salaries 105% higher than the regional minimum in Russia and 169% higher than in Kazakhstan. Our remuneration framework is designed to reward performance, with equal emphasis on delivery and behaviours through short-term incentives. We also award performance-based bonuses monthly and each year and we align wage growth with inflation. In 2020, we introduced sustainability/ESG performance indicators for the Group CEO and relevant senior management bonuses.

For staff with families, we offer paid parental leave for up to three years and we subsidise nursery fees, after-school activities and holiday camps. We also reward those working in remote locations and their families with free health holidays every 1–2 years. Financial aid is made available for employees who seek to apply for a mortgage and for those retiring. For details, see our Employment and Labour Corporate Standard. In 2020, we extended financial support to all employees and their families, with a 5% salary increase across the Group.

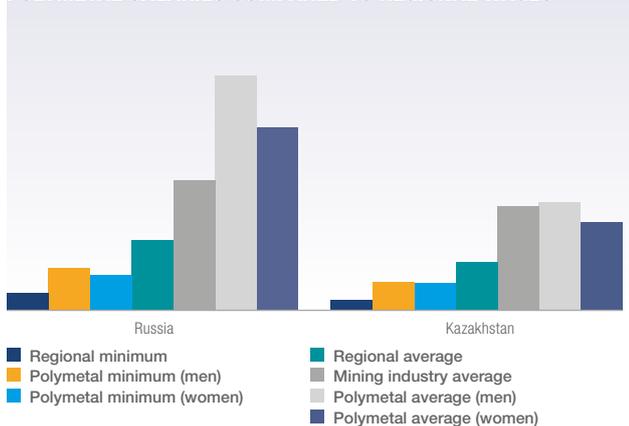
⊕ Find out more about our Covid-19 support on page 21

Training and development

In 2020, we continued to deliver professional skills training, managerial competences, webinars and English language courses. We developed 18 new distance-learning courses and extended our portfolio of training solutions. We also implemented the first simulator on the Datamine script to help our geologists, and a complex training programme for our procurement team. Finally, we delivered specialised programmes for members of the Scientific and Industrial Conference and our Talent Pool (see below). Overall, our total training spend was \$1.1 million, a decrease of 7% on 2019 due to some cancellations of face-to-face training in light of Covid-19 but also as a result of our more cost-efficient online training system, WebTutor.

Where possible, we meet our talent goals through internal promotions (unless very specific expertise is not available in-house in which case we must recruit externally). To develop future leaders, our Talent Pool uses 360-degree feedback methods and additional training, with personal targets and development plans for aspiring leaders. In 2020, 314 employees selected for the Talent Pool included 79 women and covered 19% of our staffing needs for key positions. In light of Covid-19, Talent Pool training has moved to a virtual format. As part of our diversity agenda, in 2020 we launched a training and development initiative for female candidates interested in becoming a chief mine engineer. Seven women from different operating sites took part in a tailored training programme covering topics from mine planning and operational safety skills, to team management and leadership.

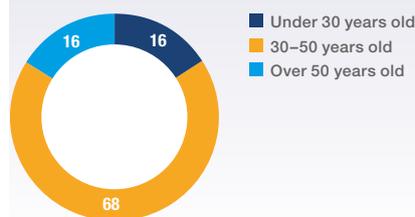
POLYMETAL SALARIES COMPARED TO REGIONAL WAGES



Polymetal minimum salaries are 105% higher than the regional minimum in Russia and 169% in Kazakhstan.

EMPLOYEES BY AGE GROUP

(% of total workforce)



Future talent

We work closely with universities and technical colleges to attract graduates and interns. In 2020, this included internships for 158 students, including 50 women. Of these interns, 16 went on to employment positions with us, undertaking a development programme that includes training and mentorship. Currently available for mine engineering roles, we plan to extend the development programme to geomechanics specialisation positions.

We offer joint educational programmes with local colleges (read more in the Communities chapter), while across the Group we hold a Scientific and Industrial Conference for young geologists, miners and engineers, among other professionals. Each participant is assigned a mentor to develop a scientific project and compete for an award, with the jury looking for innovation and practical application. In 2020, 72 employees shared their improvement ideas and research at the Conference, with 21 female participants among them.

Diversity and inclusion

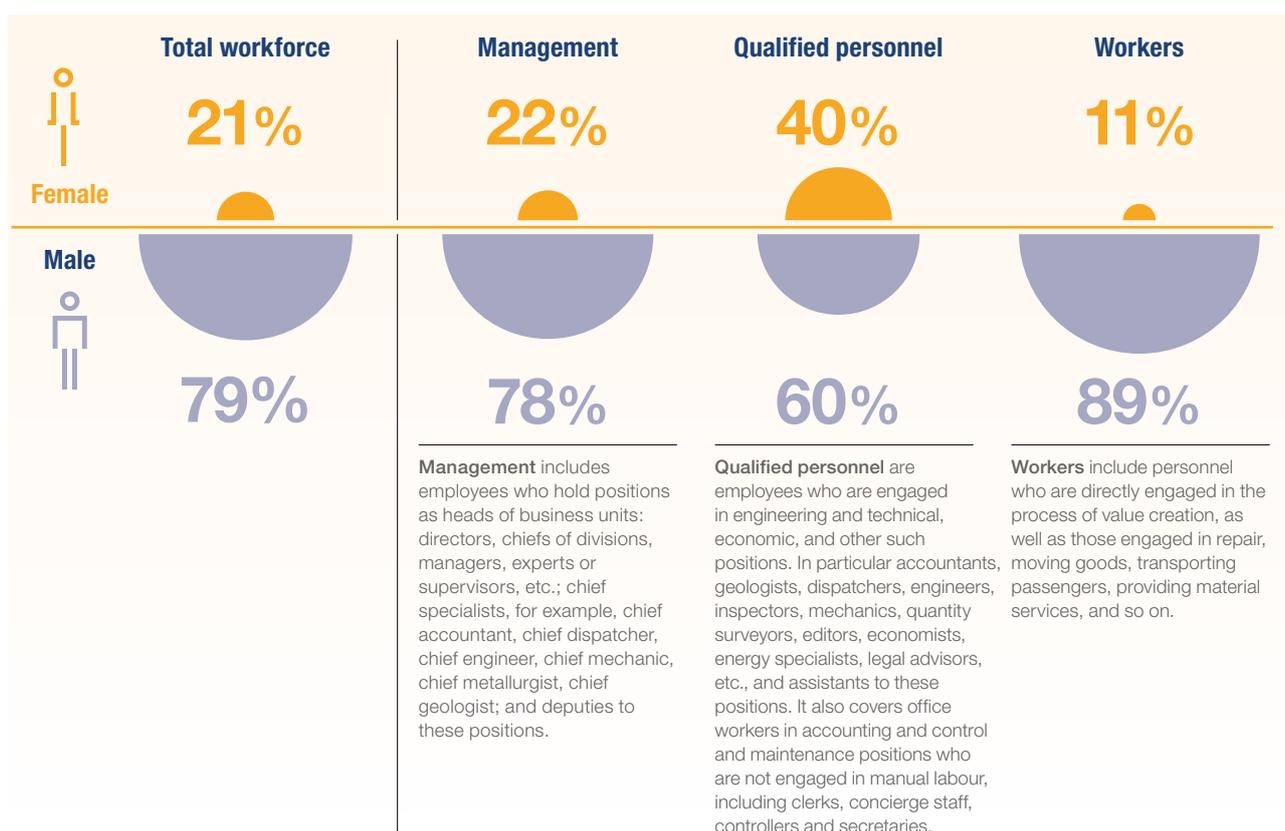
We value the diversity of views and backgrounds as set out in our Diversity and Inclusion Policy, which was updated in 2020. We do not discriminate on any grounds, be it

gender, race, religion, disability or political affiliation. When advertising a role and recruiting candidates, assessors specify qualification requirements and avoid any conscious or unconscious bias when interviewing candidates. Remuneration decisions are based purely on competence for the role, regardless of any other attribute. All equality and inclusion issues are raised at each meeting of the Nomination Committee.

The share of women remained stable in 2020 both in our workforce (21%) and on the Board of Directors (33%).

We continue to promote a culture of equal opportunity through training and internal communications. In 2020, our management in the St. Petersburg office and its branches in the Ural and the Khabarovsk Regions took part in training on 'creating diversified teams' and we plan to roll this out further in 2021. We are also developing a course aimed at eliminating gender and age stereotypes. We are now working on a long-term programme to increase the share of women in our Talent Pool, which currently stands at 25%. Finally, we ensure that workplaces are suitable for people with disabilities, as required by national legislation. In 2020 we employed 30 people with disabilities.

Gender diversity by employee level



Material issue

Employees

continued



Communication and engagement

Whilst having to postpone our annual engagement survey in 2020, we continued to capture and respond to employee feedback through pulse surveys and dialogue. Where needed, we involved workforce representatives and managers. We engage employees in corporate volunteering campaigns, as well as organising professional, cultural and sports events. Find out about how we adapted our communications to Covid-19 on page 21.

In 2020, we received 1,092 enquiries from our employees. Production-related issues amounted to 25% of total inquiries (2019: 5%) and included questions regarding organisational changes resulting from pandemic restrictions, such as rotation period extension at remote sites. Similarly, 24% of the questions were related to remuneration (2019: 15%), mainly the impact of the reschedules and quarantine on payroll. Other frequent questions related to overtime work and commuting costs compensation. We addressed 100% of the enquiries received through various communication channels. In 2021, we plan to focus on developing a strong employee brand that will align our communications with current and potential employees with our strategic goals, sustainability values and corporate culture.

Bringing out the best in our people

The growing complexity of business tasks at Polymetal reinforces the need for cross-functional working. To support this, we have created a new intranet tool, ProgressorLAB, so that colleagues can come together to work on projects and think out of the box. Any employee can share their expertise with others via the tool, whilst also enriching their own skills by problem-solving collaboratively.

We encourage a sense of healthy competition through professional contests and calls for best projects. For example, in 2020 895 colleagues (22% of whom were women) took part in 65 Best in Profession competitions, which recognise exceptional talent and effort in a particular field of work; while 1,240 submitted ideas to our Best Innovator competition, with 480 already improving the efficiency and safety of our production processes. For the first time in 2020, we ran a Best Biodiversity Project contest, with the winning project to be implemented at one of our sites.

⊕ [Read more about Biodiversity and Lands on pages 54–57](#)

Employee volunteering and giving

In 2020, our people continued to participate in social and environmental volunteering events (social distancing restrictions permitting). We collaborate with non-profit organisations to ensure that employee donations go to those most in need. In 2020, highlights included distributing new year presents to 600 children (including those from indigenous communities) and learning materials to 370 schoolchildren, as well as help to elderly people, clean-up campaigns and charitable sports events. Overall, approximately 10% of employees volunteered on a regular basis in 2020, giving their time to more than 40 campaigns.

TOPICS DOMINATING EMPLOYEE ENQUIRIES



¹ Including Covid-19 pandemic-related issues as they directly influence the continuity of production.

Freedom of association

We acknowledge the right of our employees to join organisations that protect and support their interests. This includes the right to elect representatives in accordance with the laws and practices of the countries where we operate. In 2020, 83% of all employees and 100% of operating site staff were covered by collective bargaining agreements. At each operating site, employees have set up Workers' Councils, with employee representatives elected to the Commissions for Regulation of Social and Labour Relations to facilitate discussion between employees and Polymetal.

Headcount and turnover

Our average headcount in 2020 increased by 4% year-on-year to 12,065 employees. Half of our employees work on a fly-in/fly-out basis at remote sites, and were particularly impacted by longer shifts and quarantine restrictions, which resulted in uncomfortable working conditions. In addition, this year we saw increased labour market competition in the mining industry due to metals price growth, and following increased demand for mining experts. This resulted in an increase in turnover rate¹ to 6.5% as compared to 5.8% in 2019.



Co-founding Women in Mining Russia

In 2020, we co-founded the non-profit organisation Women in Mining Russia, together with other mining companies and industry-related partners. Inspired (and supported) by Women in Mining in the UK and around the world, the mission is to promote the advancement of women in the mining industry in Russia.



We think it is incredibly important to further improve the diversity in the mining sector, develop our female leaders and give our members an opportunity to expand their professional network in Russia and abroad.”

Founders, Women in Mining Russia



Within the overall goal of promoting diversity, we have defined three main tasks for the organisation. First, to remove the stereotype that mining is a ‘male’ industry; second, to inspire women into careers in mining; and third, to create wider industry dialogue around diversity and inclusion. Despite pandemic-related limitations, Women in Mining Russia achieved significant successes in its first year. These included attracting the support of experts from our industry, as well as media attention and awareness among leading universities in Russia. A series of webinars were delivered on topics such as leadership, careers in mining, operational efficiency, personal finance and time management.

Having helped establish Women in Mining Russia, three employees (Maria Lodkina, Tania Tchadaeva and Vasilina Tarabarova) were included among 100 Global Inspirational Women in Mining 2020, compiled by the UK organisation. Looking forward, we plan to develop mentoring programmes and build partnerships with universities.

¹ Calculated as the ratio of the number of employees that leave the company voluntarily in the reporting period to the average headcount in the reporting period. The disclosed turnover includes only employees who choose to leave the company due to dissatisfaction with their job. It does not include employees who voluntarily leave the company for reasons not related to job satisfaction, such as retirement or enrolment in an educational institution.

Material issue

Climate change

Global climate change will require us to be more resilient and forward-thinking. This means innovating in extraction to minimise greenhouse gas (GHG) emissions, while assessing the effects of a changing climate.

First

Green Loan Principles-compliant loan agreed in the gold mining sector globally

4%

decrease in GHG emissions intensity

3%

improvement in energy efficiency



Which guidelines do we follow?

External: UN Global Compact, ISO 14001, ISO 50001, the Paris Agreement, Task Force on Climate-related Financial Disclosures (TCFD), EBRD Environmental and Social Policy, Responsible Gold Mining Principles, World Bank Guidelines and Policies

Corporate: Environmental Policy, Environmental Management System (EMS), Climate Management System, Energy Policy, Carbon Management Policy

Our targets

- Reduce GHG emissions intensity by 5% by 2023 (baseline 2018)
- Achieve 7% of total electricity generation from renewable sources by 2025
- Update climate change scenarios and implement mitigating actions required to achieve the 2°C trajectory in 2021

Our approach

We are committed to UN SDG 13 to ‘take urgent action to combat climate change and its impacts’. We are equally committed to disclosing and sharing climate-related information, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). Whilst working hard to reduce carbon emissions and manage the physical and transitional risks of a changing climate, the metals we extract have a growing positive role within a low carbon economy – for instance, silver and copper in wind and solar energy components.

We assess actual and potential impacts of climate change on our business strategy and financial planning. The Polymetal Board has ultimate responsibility for ensuring that any material climate-related risks and issues are appropriately identified, managed and monitored. Working closely with the Safety and Sustainability Committee, it reviews climate-related issues, including scenario analyses to manage risks and set ambitious, forward-looking Group goals.



The Polymetal Board has ultimate responsibility for ensuring that any material climate-related risks and issues are appropriately identified, managed and monitored.”



Material issue

Climate change

continued



The Chief Sustainability Officer and the Safety and Sustainability Committee assist the Board in overseeing the Group's overall approach, including transparent and responsible conduct, engaging key stakeholders (including communities) and ensuring compliance with our sustainable development commitments. At production level, all energy managers at plants and facilities that emit greenhouse gases (GHGs), including our mining vehicle fleet, have KPIs for energy efficiency.

In 2020, guided by the Safety and Sustainability Committee, we undertook a deep-dive assessment of our climate risk management, TCFD compliance and alignment with the Paris Agreement.

Understanding that our current climate change goals are not ambitious enough, we plan to develop a detailed carbon reduction plan on a 10-year horizon in 2021 and approve a step-by-step path to carbon neutrality in 2022.

Managing climate risk

In our corporate Risk Management System, climate change is considered to be one of the emerging risks which we closely monitor. Climate risk assessment is embedded in the Company's strategy and is integral to the decision-making process for each project's life cycle: from planning, to exploitation and reclamation. We understand the critical importance of this given the high degree of uncertainty around climate-related risks. Which is why, in 2020 we developed an integrated approach to scenario analysis of climate risks.

This scenario analysis is based on Intergovernmental Panel on Climate Change (IPCC) forecasting models (so-called Representative Concentration Pathways), as well as scenarios developed by the International Energy Agency (IEA) that examine climate change through the prism of changes in world politics and economies. Our analysis combines the data from these analyses with our own environmental monitoring system data, historical data from national climate institutions and regional features of our assets. It also applies TCFD recommendations for three climate scenarios:

1. Sustainable Development: accelerated transition towards a low-carbon economy and limiting global temperature rise to 1.5°C above pre-industrial levels.
2. Paris Agreement implementation: limiting global temperature rise to less than 2°C above pre-industrial levels in accordance with the Paris Agreement.
3. Business as usual: slow transition towards a low-carbon economy with developing countries significantly lagging behind, and global temperature growth being significantly above 2°C, compared to pre-industrial levels.

Our assets are located in remote regions of Russia and Kazakhstan, characterised by unique climatic and natural features and highly sensitive to warming temperatures. Our analysis therefore considers region-specific risks such as thawing permafrost and changes to seasonal river patterns and sea regimes. The processes by which we identify and assess climate risks are in accordance with our specially developed standard within our Climate Management System.

We have mapped each scenario across three timeframe horizons:



Key climate change risks and impact assessment

Significance level: ○ High ○ Medium ○ Low

Transitional					
Risk		Impact			
Limiting GHG emissions at national and international levels		 Carbon tax payment	 Fines for non-compliance with legislation or emission standards	 Increased operating costs	
Implementation of environmental insurance		 Environmental insurance payment	 Increased operating costs		
Compulsory requirements for energy efficiency and renewable energy usage		 Capital expenditure on adaptation and implementation of new technologies			
Increase in the cost of carbon-intensive resources		 Increased operating costs			
Physical					
Acute (short-/medium-term)			Chronic (life-of-mine timescale)		
Risk	Impact		Risk	Impact	
Thermokarst processes in permafrost areas	 Tailings storage facilities damage	 Building and structural damage	Thawing of permafrost	 Tailings storage facilities damage	 Building and structural damage
		 Transport infrastructure damage		 Transport infrastructure damage	
Hurricanes	 Power line breakages	 Building and structural damage	Average temperature rises	 Lack of water resources	 Increased operating costs
Shifts in rainfall/snowfall patterns	 Power line breakages	 Transport infrastructure damage	Floods and longer flooding seasons (change in hydrological cycles)	 Disruption to logistics and shipping	 Transport infrastructure damage

Climate change

continued

In 2020, we further improved our climate risks management approach by:

- establishing a comprehensive register of climate risks, taking into account Group, regional and site-level risks;
- improving our methodology for identifying and assessing key climate risks; and
- developing scenario analysis approaches and integrating them into our risk management system.

In 2021, we are planning to continue this work, whilst also deepening the financial analysis of climate risks with more detail and publishing our updated integrated climate policy, which includes a description of unified approaches to scenario analysis, as well as our assessment and management of our carbon footprint and climate risks.

Monitoring permafrost thaw

We document a full list of risks in our climate risk register. Thawing of permafrost is considered one of the most critical risks due to its potential impact on our physical infrastructure. For example, destabilising building foundations could result in bearing capacity failure and deformation of building structures, unacceptable operating conditions or complete collapse of buildings and structures, leading to economic and environmental damage and potentially injury or loss of life. Other risks to our operations associated with permafrost thawing include reduced operational time of winter roads and ice crossings, and increased water levels during floods or longer flooding seasons.

We mitigate against these risks by regular monitoring and compliance with design, construction and operational regulations. Monitoring includes field observations of the condition of foundation soils, the temperature regime inside buildings and building structure movements. Upon detecting any signs of thawing of permafrost ground and hazardous defects in building structures, we inform all involved parties and take appropriate measures to remediate. We have a particular focus on the safety of fuel storage facilities and to this end:

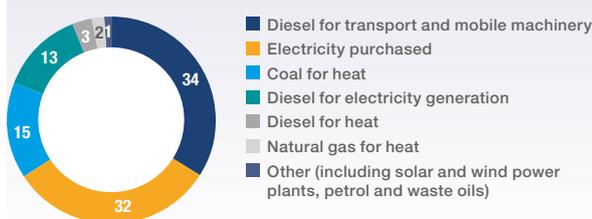
- all storage facilities are designed to take into account permafrost, with raw materials selected for permafrost conditions;
- we conduct regular external and internal monitoring of facilities;
- we apply a strict zero-tolerance approach to any regulatory deviations at potentially environmentally hazardous facilities;
- the logistics of fuel and lubricants supply is carefully planned to determine optimal minimum storage volumes;
- emergency drills are carried out for fuel spill scenarios.

Energy efficiency

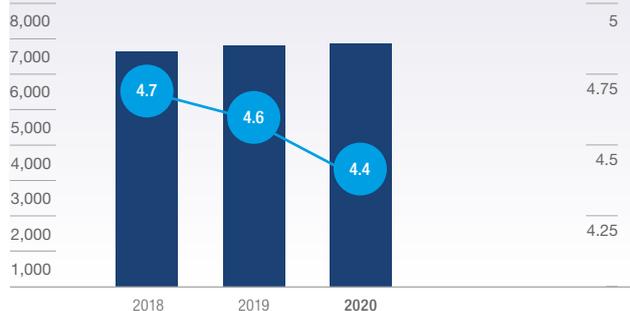
By optimising the energy efficiency of our operations, we realise cost and carbon savings, whilst also embracing a low carbon economy. Our Climate and Energy Management Systems, alongside our Carbon Management Policy, include regular energy audits and site-level projects. Each year, we update our Energy Efficiency Programme, which involves monitoring, metering and reduction initiatives, in line with ISO 50001 international standard for energy management.

ENERGY CONSUMPTION BY SOURCE

(% of total consumption)



ENERGY INTENSITY



■ Consumption, TJ ■ Intensity, GJ per oz of GE¹

¹ Based on a 120:1 Au/Ag conversion ratio (prior to Q2 2020, Polymetal used an 80:1 Au/Ag ratio) and excluding base metals (which were previously included). Historical comparative data restated accordingly.

29%

of heat reused

Our key areas of focus are:

- complying with all applicable regulatory requirements at a minimum;
- actively reducing our carbon footprint or improving energy efficiency through innovation, including low-carbon and renewable energy solutions;
- embedding energy efficiency into new project design, technology updates and in equipment procurement processes;
- engaging employees through establishment and nurturing of a culture of energy efficiency; and
- extending our energy-conscious approach to our suppliers, investors and wider stakeholders.

We deploy heat recovery technology to convert wasted heat from diesel generation and processing plants into electricity and heat for other premises. In 2020, 29% of

3,586 GJ

of renewable energy generated, reducing our GHG emissions by 686 CO₂e

our total heat requirements were met by heat recovery. We also look at digital and AI solutions that can help increase resource efficiency and decrease GHG emissions.

Renewable energy

Renewable energy plays a crucial role in our low-carbon transition strategy, whilst also being critical to our energy security at remote mining sites. We have enabled solar photovoltaic generation at our Svetloye mine, and plan to launch two major renewable power plants at Omolon (2.5 MW in 2021) and Kyzyl (5–10 MW in 2022), as well as additional smaller plants at other sites. By 2025, our target is for 7% of our electricity requirements to be met from renewable sources. In 2020, the proportion stood at 0.4%.

As we switch from diesel to grid energy at many remote facilities, we are working with energy suppliers to increase

Green financing

Part of our strategy to achieve our climate goals involves raising \$280 million in green and sustainability-linked loans, which are earmarked specifically for our transition projects. These funds now comprise 16% of our overall debt outstanding and tie us to meeting specific targets, including implementing a comprehensive climate management system.

Since linking our ING credit facility to a Sustainalytics rating in 2018, we have now launched our first Green Financing Framework, agreeing a \$125 million Green Loan with Societe Generale to finance investments in low-carbon transition. The aim is to attract long-term ESG financing and to facilitate transparency, disclosure,

integrity and quality in Polymetal's green loans for interested investors and stakeholders.

Our Green Financing Framework was developed in line with the Loan Market Association's Green Loan Principles and received a second opinion rating of Medium Green from CICERO, with a governance score of Good. The seven-year green loan under the Green Financing Framework is the first Green Loan Principles-compliant loan in the gold mining sector globally and is expected to be the first in a portfolio of eligible green projects that will reduce our carbon footprint.

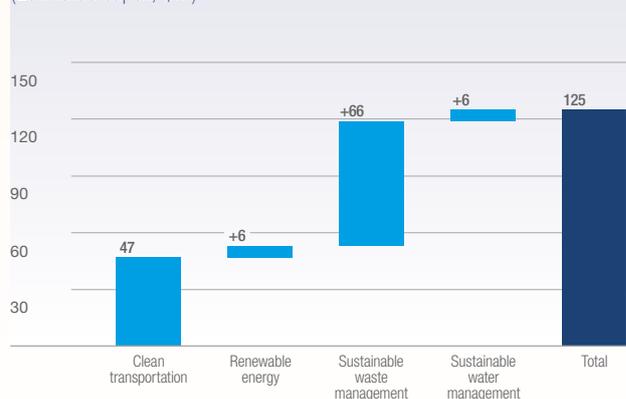
Green financing project category

Eligible projects

Clean transport	<ul style="list-style-type: none"> • Electric vehicles • Low carbon haulage systems and machinery (electricity sourced from the grid network sourcing hydropower)
Renewable energy	<ul style="list-style-type: none"> • Solar photovoltaic energy generation plants • Wind energy generation plants
Energy efficiency	<ul style="list-style-type: none"> • Projects with the purpose of improving energy efficiency of operational units sourcing energy from grid
Pollution prevention and control	<ul style="list-style-type: none"> • Water and wastewater treatment/purification (See our case study on reverse osmosis at Voro on page 48) • Water treatment facilities aiming to improve water reuse rate and minimise discharge of water pollutants • Dry stacking storage • Waste sorting, recycling and reuse

EXPECTED GREEN CAPITAL ALLOCATION

(Estimated capex, \$m)



Climate change

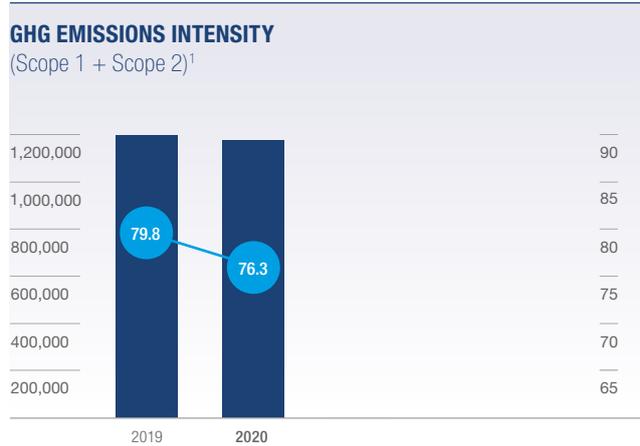
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the share of renewables in the purchased energy mix. Construction has started on a 254 kilometre power line connecting our Nezhda production site with the national power grid. Compared to diesel, we estimate this will reduce our GHG emissions for the plant by 75% (4% for the Group total). Two more production sites are in the queue for grid power connection in 2022–2024.

Recognising that our vehicle fleet also contributes significantly to our GHG emissions, we are gradually introducing electric vehicles to replace diesel. In order to scale our transition to battery-enabled infrastructure, we are working with SMT Scharf AG, a leading manufacturer of underground electric vehicle and mining equipment. In December 2020, we made our first order of underground electric vehicles from SMT Scharf, to the value of \$4.9 million.

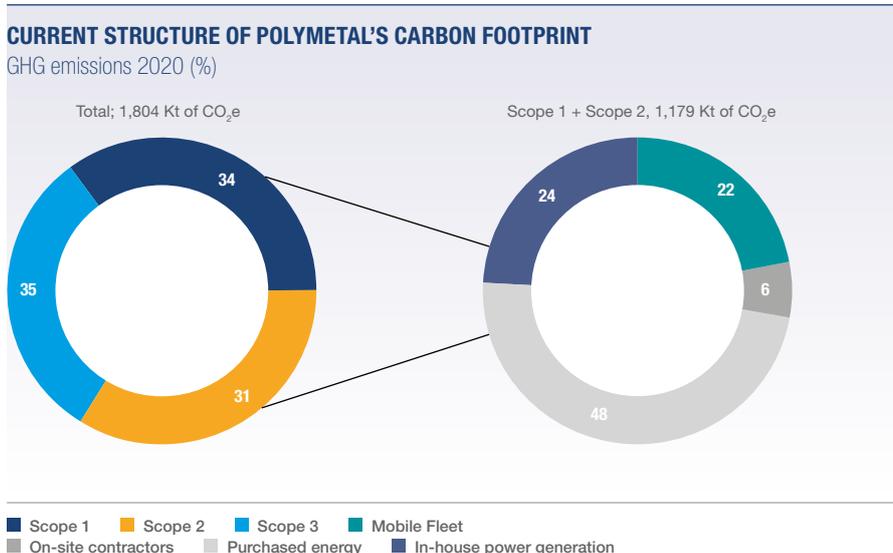
GHG emissions performance

In 2020 our Scope 1 and Scope 2 GHG emissions intensity decreased by 4%. Our Scope 1 emissions remained stable as compared to 2019, while Scope 2 decreased as we received confirmation that our Kyzyl mine sources a quarter of its energy from a hydro power plant.



■ GHG, t
■ GHG emissions intensity, CO₂ equivalent tonnes per Kt of ore processed

¹ A new methodology has been applied since 2020 for more precise disclosure of emissions; data for 2019 has been restated accordingly for comparative purposes. Data for 2018 calculated using the old methodology is considered to be unrepresentative.



Improving climate-related disclosures

We are committed to providing full disclosure of our sustainability policies and guidelines, as well as performance data and mitigation plans. Having adopted climate-related metrics back in 2013, we are continually widening the scope of our GHG emissions data capture. We have been reporting Scope 1 and 2 emissions since 2018 and continue to improve the accuracy, including reassessing baseline emissions and engaging energy and materials suppliers and transport hauliers to measure and report their carbon footprints to us. In particular, we have included GHG emissions generated by contractors working at our mines in our Scope 1 emissions data for 2020 and the restated data for 2019.

We report under the TCFD recommendations and submit our energy and GHG profile to CDP (formerly the Carbon Disclosure Project), achieving a rating of B- for our 2020 CDP disclosure (up from D in 2019).

In 2020, we engaged with energy suppliers to understand their own sources in order to improve the accuracy of Scope 2 data. We now report market-based Scope 2 emissions at Kyzyl and Veduga and location-based Scope 2 emissions for other mines. Finally, we have requested that key consumables suppliers provide carbon data so that we can refine Scope 3 emissions reporting across the most material supply chain categories.



Material issue

Water

Although we do not operate in regions of water stress, our mining operations rely on water and we receive permissions for limited water use to control our impacts on local water bodies.

36%

decrease in fresh water use intensity compared to 2019¹

89%

of water is reused or recycled

\$1.4m

water projects capex

¹ Excluding water for non-technological purposes.

Which guidelines do we follow?

External: UN Global Compact, ISO 14001, EBRD Environmental and Social Policy, International Cyanide Management Code, Responsible Gold Mining Principles, World Bank Guidelines and Policies

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



Our targets

- Reduce fresh water use¹ by 11% per tonne of ore processed by 2023 (baseline 2018)
- Increase water recycled/reused
- Ensure zero water contamination

¹ Excluding water for non-technological purposes.

Our approach

Ensuring the right water balance means monitoring, metering and auditing our water use, whilst also carefully managing discharge water quality. The majority of our water is consumed by our plants during ore processing, with most of it circulating in a closed water cycle.

We are focused on minimising our fresh water withdrawal by recycling water at the plants, extracting waste water that has naturally seeped into our mines or drainage systems and capturing rainwater in ponds. When additional supplies are required, we may purchase from local utility companies. As a last resort, we utilise local or state authority permits to extract limited quantities from rivers, dams and groundwater aquifers. However, we never withdraw water from surface sources in environmentally sensitive areas, or where water eco- and bio-services are of great importance to local or indigenous communities. Water usage is monitored via meters and flowmeters and by indirect estimation when using meters is not possible, based on the actual operating time of the pumping equipment. We ensure discharge water quality through regular laboratory tests at multiple monitoring points.



We are focused on minimising our fresh water withdrawal by recycling water at the plants and extracting waste water that has naturally seeped into our mines”

Water

continued



As a resource we all share, working with the community is central to our approach. Our feedback mechanisms allow people to raise issues without fear of reprisal and with the assurance that their concern will be fully investigated by environmental teams. We also partner with local governments and community organisations to support long-term water security, including funding infrastructure projects.

Water risks

At Polymetal, our water infrastructure includes water collectors, sediment ponds, dams, drainage systems and purification units. We annually assess water risks as part of our environmental risk assessment. Currently, key risks related to water use include surface flooding and inadequate treatment that may affect ecosystems and communities.

Flooding: Excess surface water can be caused by heavy rain or water being pumped out of open pits and underground mines, and may result in untreated water entering local rivers or lakes. We continuously innovate to find ways to use excess water, for example at Lunnoye and Omolon tailings storage facilities, where we drain and treat wastewater during summer when it is not frozen.

This reduces the need for fresh water use since we pump it directly to the plant and use it for ore processing. One more environmental benefit here is that we discharge less water as we recycle it which reduces the impact on local rivers.

To prevent floods, we are accurately planning risk mitigation measures (purchasing additional pumps), continuously monitoring water levels and updating emergency response plans.

Poor water quality: With regard to water treatment, we rigorously ensure all discharge is purified using mechanical, physico-chemical and biological processes. We also continually monitor the quality of surface and ground water to ensure zero contamination. The monitoring includes laboratory testing for nitrites, nitrates, ammonium, heavy metals, salts and cyanides.

In 2020, we upgraded water treatment facilities at our Voro plant in the Sverdlovsk Region of Russia (see case study below) and we plan to carry out similar projects at other sites for 2021, including water infrastructure and filtering system improvements at Amursk POX, Albazino, Nezhda, Dukat, Voro and Omolon.

Safe water discharge with reverse osmosis technology: Voro

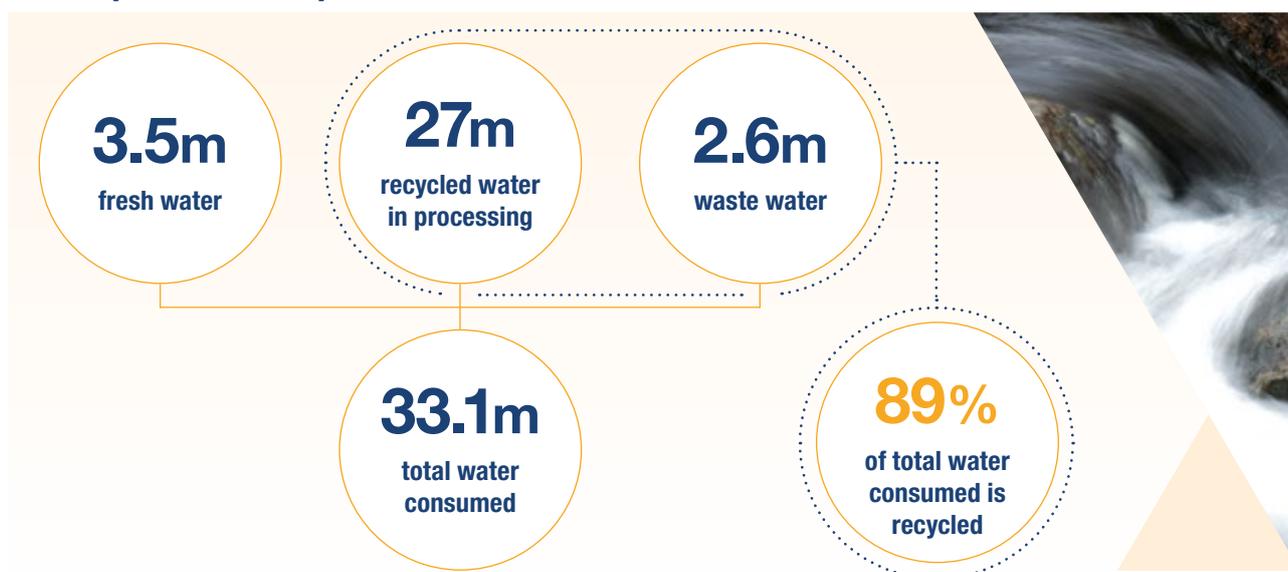
A multi-stage water treatment system has been developed at the Voro plant to ensure safe water discharge. Due to the climatic features of the region (long rainy seasons) and the expansion of the site's production, the volume of process discharge on site has been gradually increasing. This has resulted in excessive water that is not accounted for in the overall water balance and cannot be repurposed for metal production, which already uses a closed water supply system and consumes 100% recycled and reused water without withdrawing fresh water.

This water surplus has to be safely discharged back to the environment after treatment. The plant discharges water to the Kakva River, which is a source of household water supply for the city of Serov, which has a population of 95,000 people and is located downstream. In order to prevent river pollution and avoid water quality risk to local communities, a state-of-the-art treatment system has been introduced.

The system consists of four purification units, which allows water to be treated for soluble inorganic (ionized) and organic contaminants, high-molecular weight compounds, suspended substances and other harmful admixtures. The process consists of mechanical treatment, desalination by reverse osmosis, chemical treatment and, finally, activated carbon adsorption. The treatment unit capacity is up to 100,000 m³ of treated water annually.

The design enables full automation of the treatment process, thus decreasing labour demands. Chemical tests are carried out on site by the Voro plant's accredited laboratory. Thanks to this innovation, the Voro plant is making an important contribution to Polymetal's environmental targets.

Water (cubic metres)

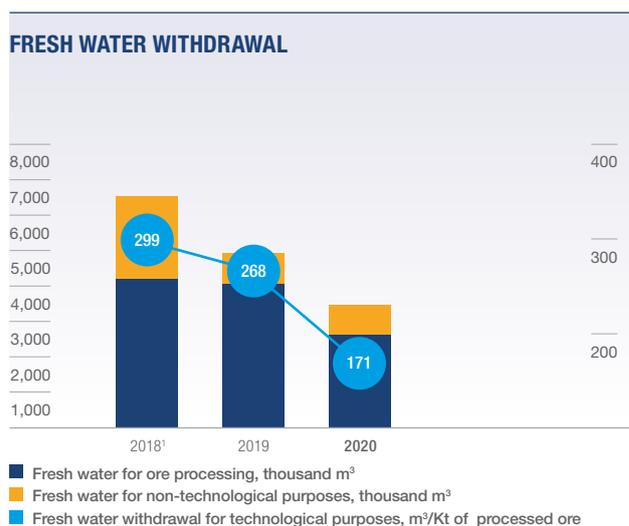


Water reuse and recycling

Despite the fact that water shortage is not identified as a significant risk at our sites, we strive to minimise fresh water withdrawal to reduce our impact on local ecosystems. We are committed to gradually increasing the share of water reused in our processing and have set a goal to reduce fresh water use for processing by at least 11% per tonne of ore by 2023 (2018 baseline)¹. As a result of our comprehensive company-wide water programme effective during the last three years, which included water balance scheme updates, infrastructure renovation and improved water accounting, in 2020 we outperformed the goal by achieving a fresh water consumption intensity reduction of 43% as compared to 2018, to 171 cubic metres of fresh water per thousand tonnes of ore processed (2018: 299 cubic metres of fresh water per thousand tonnes of ore processed).

We proactively plan water consumption and reuse, investing in technologies that will allow us to withdraw less fresh water. For example, this year at Omolon we installed a filtering system that prepares water for further reuse in technological processes. This has helped us decrease fresh water consumption at the operation by 64% compared to 2019.

At a Group level, our total fresh water use decreased by 29%, compared with 2019. Furthermore, 89% of total water that we consumed was recycled and reused. We will continue our efforts to decrease fresh water withdrawal in 2021 through projects that include pumping storm water from collecting ponds at Amursk POX and using mine drainage in ore processing at a heap leaching plant at Omolon.



¹ Excluding Okhotsk and Kapan operations sold in 2018 and January 2019, respectively.

¹ Hereinafter this indicator excludes water used for non-technological purposes.

Material issue

Waste and pollutants

We recognise that our industry generates significant mineral waste and emissions to air. It is our responsibility to reduce this impact and minimise pollution risk.

11%

of tailings waste dry-stacked

\$5.2m

environmental investments
in waste treatment

2

sites certified to the Cyanide Code

14%

decrease in sulphur dioxide
emissions intensity

Which guidelines do we follow?

External: UN Global Compact, ISO 14001, EBRD Environmental and Social Policy, International Cyanide Management Code, Responsible Gold Mining Principles, World Bank Guidelines and Policies

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

Our targets

- Reuse or recycle at least 16% of waste by 2023
- Achieve 15% dry-stack tailings storage by 2024
- Decrease sulphur dioxide emissions intensity by 1% (2016 baseline)



Our approach

Alongside rigorous controls to prevent environmental contamination, we aim to decrease air pollutants, reuse waste where possible and dispose of unavoidable waste responsibly.

Our focus is on preventative action through rigorous risk assessment and annually reviewed environmental management plans. We set Group-wide and mine-level targets for waste reuse and strive to continuously decrease emissions to air, keeping them within legally established limits. Our EMS is supported by specific systems for cyanide and tailings management, as well as internal and external auditing. In 2020, five mines were inspected by governmental bodies. While full compliance was approved for Albazino, Mayskoye and Dukat, there were some minor non-compliances revealed at the Komar mine (Varvara hub) – exceeding discharge limits to water bodies and incomplete fertile soil layer removal, and Kyzyl – exceeding air emissions in the boiler house and inappropriate waste separation.



Our focus is on preventative action through rigorous risk assessment and annually-reviewed environmental management plans”

Waste and pollutants

continued



For tailings, we store 89% in dams and 11% as dry cake and we are gradually increasing dry stacking, which significantly reduces the risk of water contamination. The handling of cyanide, used as a leaching agent when recovering gold from ore, is rigorously controlled at every step to protect our people and avoid any release into the ecosystem.

All stakeholders are able to comment on our approach or report concerns or grievances formally and anonymously. Public hearings are one such mechanism, as well as direct mail. All feedback is formally logged and actioned. In 2020, we received 27 enquiries related to our impact on the environment, all of which were resolved.

Managing our waste responsibly

The mining industry generates significant quantities of mineral waste such as overburden rock and tailings, as well as relatively small quantities of non-mineral and hazardous substance waste. We are guided by the 'reduce, reuse, recycle' principle when it comes to waste management. To minimise non-mineral waste, we strive to reduce the materials we use in processes such as quarrying, drilling and grinding; then reusing overburden waste as backfill and construction material; and finally, recycling or landfilling the remaining waste under local or state authority permits, heavily monitored by our own internal audit teams and government spot-checks.

We set a goal to reuse or recycle at least 16% of waste by 2023, and in 2020 we managed to achieve a 17% reuse and recycle rate. At all sites, formal measures are in place to ensure the environmentally safe disposal of waste and these are clearly communicated to employees. These include waste water protections such as protective films to prevent soil pollution and animal deterrents to reduce any risk to wildlife. Find out more about water treatment on page 48.

Responsible tailings storage

Today we operate two dry stacking facilities at our Amursk and Voro mines, alongside our eight conventional tailings dams. At all new sites we commit to dry stacking only, with the share increasing annually. Dry stacking technologies for tailings storage not only avoid the risk of major accidents such as dam failure, but they also maintain the physical and chemical integrity of tailings. This reduces the risk of pollutant leaching and contamination of groundwater. Furthermore, compared to dam storage, dry stacking is safer for wildlife and requires less land, while being easier to close and rehabilitate.

All facilities are rigorously monitored and inspected daily, with checks on pipelines, pump stations, water levels and dams. Our own investigations have confirmed that any emergency failure at our dams would have no impact on settlements, buildings, structures or facilities where communities or employees may be present.

Meeting our dry-stack target

To further improve tailings safety and minimise the risk of the possibility of dam failure, we are shifting towards dry stack storage methods. Already in operation at Amursk and Voro, the technology has become a blueprint for all new sites. In the coming years, we plan to extend it to Omolon (2021), Nezhda (2021), POX-2 (2022), Dukat (2024) and Veduga (2025). We are also converting rehabilitated and closed tailings sites into dry storage facilities.

In 2020, 11% of our tailings were stored as dry cake.

Our target is for 15% of all our tailings to be stored in this way by 2024. Dry stacking facilities are one of the eligible project categories within our Green Financing Framework (read more on page 43).



Each operating site applies its own locally relevant version of the Group's Tailings and Water Storage Facilities Management Policy, with dedicated personnel responsible for oversight. Together, they enable timely identification of risk across the lifecycle of a plant – from designing, engineering, construction and operation; to maintenance, upgrading, mothballing and closure. The system is transparent for management, employees, stakeholders and regulatory agencies.

We welcome the new Global Industry Standard on Tailings Management, which emerged as a result of the Global Tailings Review, and we have committed to achieving compliance in all operations by 2023. To initiate this, in 2020 we benchmarked our approach against the Global Tailings Management Standard, identifying gaps and scope for improvement. Eight government inspections were conducted at four sites in 2020. Any minor issues identified have been resolved or are close to being resolved. In addition to state inspections, we conducted an independent third-party audit of our Mayskoye tailings site, which was carried out virtually, due to Covid-19 restrictions, by London-based experts Knight Piésold Limited. There were no incidents or accidents at tailings facilities in 2020.

Cyanide management

When recovering gold from ore, we use cyanide as a leaching agent. Our Cyanide Management System ensures a consistent approach to cyanide handling, procurement, transportation, storage, processing, decommissioning, employee safety, emergency response, training and engaging stakeholders. It is now implemented at the Voro, Amursk, Varvara, Omolon and Svetloye sites and will be applied to Mayskoye and Dukat in 2021.

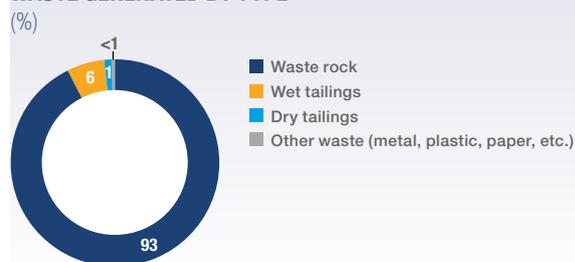
Our approach involves identifying all associated hazards, strictly controlling cyanide levels in our tailings, engaging with third-party cyanide producers and transporters and monitoring air, soil, surface and ground water. As well as designing, constructing and monitoring tailings dams to avoid cyanide effluent, we share all data with public authorities (and other stakeholders on request).

Polymetal is a signatory of the Cyanide Management Code, with Amursk POX and Voro fully certified as both gold mining companies and separately as cyanide transporters. At the end of 2020, we began a compliance audit of our Varvara operation and plan to gradually roll out Code certification to the rest of the sites where cyanide is used (Omolon, Svetloye, Mayskoye and Dukat). The Varvara audit will be completed as soon as the Covid-19 cross-border restrictions are removed to allow proper onsite checks.

Air quality

Many of our core activities generate nitrogen, sulphur oxides and inorganic dust. Our EMS includes robust systems that continually monitor these gases and particulates, as well as enabling us to continually refine our processes to ensure high air quality standards. For instance, around our mining sites, we apply irrigation, dust separation and shield technologies, while across our vehicle and mining equipment fleet we monitor compliance with quality standards and apply cutting-edge technologies. Since 2016, our sulphur dioxide emissions intensity has decreased by 26%. Having our emissions within set limits at our mines, in 2020, we upgraded our purification systems at Kyzyl's boiler house to reduce air pollutant emissions.

WASTE GENERATED BY TYPE



17%

waste reused of total waste generated

Material issue

Biodiversity and lands

We are committed to treading lightly in the regions where we operate and work hard to minimise our impact on wildlife and land.

25,952

hectares of land managed

Zero

significant biodiversity impacts reported

100%

operations with mine closure plans

1,560

trees planted in 2020

Which guidelines do we follow?

External: UN Global Compact, ISO 14001, EBRD Environmental and Social Policy, International Cyanide Management Code, Responsible Gold Mining Principles

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

Our targets

- By 2023 design a framework to evaluate Polymetal's biodiversity footprint
- By 2023 develop biodiversity action plans for all high-risk sites, in collaboration with scientists, NGOs, and local communities
- By 2023 examine a path to net-positive impact on biodiversity

Our approach

Our aim is to leave a positive legacy on both people and wildlife. With the exception of a few sites in the Russian Far East, the land we occupy is generally of low conservation value. Nonetheless, we continually monitor biodiversity and land quality. From the outset of a mining project, we determine biodiversity impacts using an Environmental Impact Assessment that includes stakeholder engagement. We conduct ongoing site-specific biodiversity monitoring, which involves studies of flora and fauna near our mining sites, in collaboration with local biodiversity experts.

We never build on migratory routes or close to environmentally protected territories. We also strive to minimise any impact to existing sites by adopting safe and clean technologies. Where a negative impact cannot be avoided or mitigated, we strive to offset it through reforestation and planting projects.



From the outset of a mining project, we determine biodiversity impacts using an Environmental Impact Assessment, that includes stakeholder engagement.”



Material issue

Biodiversity and lands

continued



Considering biodiversity at all stages of mine life

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

As of 31 December 2020, we managed 25,952 hectares of land, of which 46% had been altered either for mineral extraction or other industrial/commercial purposes. Understanding that biodiversity and climate change are closely linked, in addition to our regular CDP Climate Change response we disclosed land-related information via CDP Forest for the first time in 2020. We plan to further improve our biodiversity-related reporting in the years ahead.

We demonstrate a sensitive approach even after we have closed operations at a site, with robust systems in place to ensure responsible mine closure and rehabilitation.

Protecting biodiversity

As a matter of policy, we do not operate in, or explore in, World Heritage Sites or any other legally designated protected areas and adjacent territories¹. At the same time, we understand that tundra, taiga and steppe ecosystems work in a fragile balance.

¹ An exception is a territory of traditional nature use near our Omolon operation, where we pay increased environmental fees to compensate indigenous communities (find out more about our indigenous community engagement on page 62).

We respect, and will not encroach upon, land that has value – including natural value – for Indigenous Minorities of the North.

We assess biodiversity impacts even before we start a project when we make an investment decision. A comprehensive feasibility study led by our Committee for Ore Reserves includes impact on land, soil, water bodies, air quality and local communities. The Committee also thoroughly investigates compliance with all legal requirements, from waste management to mine closure.

Annual biodiversity reports are submitted by every site as part of our EMS. These list rare, protected and hunted species found at our mining sites or adjacent territories, such as brown bear, fox, hare, musk deer, duck, capercaillie, mountain sheep, lynx and others. We use visual and scientific monitoring (including during EIA at the start of the project) to report on species found on our sites and surrounding areas, taking into

Best biodiversity project 2020

In 2020, we held an employee competition for the best biodiversity and rehabilitation project to be implemented at one of our sites. Applications ranged from small-scale landscaping ideas to complex environmental projects. The contest was held in two stages: site level, followed by a Group-wide competition. We received almost 100 ideas from our employees on improving the environment and protecting biodiversity, and are committing to spend \$1 million on implementation in the coming years. The overall winner will be decided in Q1 2021.

The competition is an example of how we inspire and engage employees at all sites around the importance of biodiversity within our industry, notably the restoration of land after mine closure.



account national and regional Red Lists and International Union for Conservation of Nature (IUCN) classifications (see table below). We recognise that certain rare and protected species of animals can inhabit areas near our operations, and take preventive measures to minimise our impact, such as installing animal deterrents, building fences around our facilities and raising our employees' awareness of biodiversity issues. To support this approach, in 2020, we introduced a new framework to promptly report any biodiversity concerns, particularly those related to wildlife harm or mortality.

Rare and protected species with habitats in areas affected by operations

Group (according to IUCN classification)	Number of species in the direct impact area (animals found at the territory's site)	Number of species in the indirect impact area (up to 1 km away from the site)
Least concern	93	490
Near threatened	1	12
Vulnerable	5	21
Endangered	0	3
Critically endangered	0	2

Our key potential biodiversity impacts include the disturbance of soil and altering land surface; deforestation and loss of grasslands; habitat fragmentation by roads; mining dust; and harm to animals with our infrastructure. Among our environmental mitigation hierarchy, we prioritise preventative measures (avoid and minimise) over compensatory ones (restore and offset). Our biodiversity protection measures include:

- avoiding building on migratory routes or close to environmentally-protected or indigenous peoples' territories;
- adopting safe and clean technologies, such as dry stacking of tailings;
- installing animal deterrents at waste polygons, grid lines and tailing storage facilities;
- surrounding open pits with waste rock walls to prevent animals from falling in;
- installing road signs to warn about wild animals at the site and outside the site on surrounding territories;
- planting perennial plants and trees in adjacent territories (1,560 seedlings were planted in 2020);
- cleaning water protection zones and coastal strips of local water bodies (e.g. the Shoptykol river near the Varvara site which is regularly monitored and cleaned by our employees);
- planning proper mine closure activities and land rehabilitation; and
- educating and engaging employees and communities.

We are pleased to report that our monitoring data shows no significant impact on biodiversity around any of our production sites. In 2021, we plan to complete a number of scientific research projects on our biodiversity impacts and rare species in territories where we operate. We also plan to carry out reforestation activities covering more than 300 hectares at five sites.

Ensuring a positive mining legacy

Once we have finished working in a particular area, we are committed to comprehensive land rehabilitation with a focus on the reparation of any environmental damage that our operations may have caused. In 2020, we did not close any mine or plant, though technical closure works began at a tailings storage facility at Albazino (we are now in the process of environmental feasibility studies for the best rehabilitation solution). Nonetheless, we continued to prepare for the end-of-life of all our sites.

At the point of closure, environmental surveying is activated to ensure that underground operations, drilling sites and buildings are safe for people and the environment. Following this, our Mine Closure Management System is activated, which incorporates Principles 7 and 9 of the International Council of Mining and Metals. It mandates a rigorous and transparent approach to every mine closure, including stakeholder engagement. The same environmental principles are applied to the closure of wider infrastructure such as tailings storage, waste dumps, process plants and roads.

Our priority is to reduce social and environmental risks associated with closure or transfer to other organisations for further use. This may involve applying technologies to assess and safeguard a site, as well as raising employee awareness about the importance of responsible mine closure planning.

Communities

Our presence has the potential to bring significant economic and social value to communities and countries. We build trusted stakeholder relationships to ensure positive impacts and reduce social risk exposure.

\$17.9m

social investments

\$3.4m

additional Covid-19 support

572

enquiries received and resolved

\$432m

taxes paid



Which guidelines do we follow?

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

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

Our targets

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



Our approach

We contribute to the development of neighbouring communities through socio-economic partnership agreements, the taxes we pay and the jobs we create. Ongoing and rigorous stakeholder engagement helps us maintain our social licence to operate and reduce social risks. We are also a significant taxpayer in our regions of operation.

Our Social Investment and Donation Policy aims to improve living standards for local people and facilitate regional economic development. It outlines our transparent approach to community investment and lays out our monitoring procedures and stakeholder engagement. Our Board of Directors and management team annually appraise our targets. Reviewed in 2020, our Communities Engagement Policy ensures we embrace and empower open dialogue with our neighbours – at every site and on every project. It outlines how we identify stakeholders and ensure effective feedback mechanisms and regular information disclosure. We engage employees in social and environmental volunteering, alongside local organisations. Find out more in the Employees section on page 36.



Our Communities Engagement Policy ensures we embrace and empower open dialogue with our neighbours – at every site and on every project. It outlines how we identify stakeholders and ensure effective feedback mechanisms.”

Material issue

Communities

continued



In 2020, we implemented a new Social Impact Assessment Tool across our sites and provided our teams with training on the assessment methodology. Going forward, we plan to annually assess key social projects to better understand community expectations and further improve our social investment strategy.

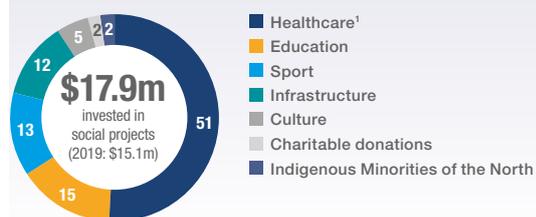
Social investments

We invest in projects that matter most to our stakeholders, based on their feedback. In 2020, this amounted to \$17.9 million, which is 18% higher than in 2019 (an even stronger growth in local currencies was offset by national currency depreciation in both Russia and Kazakhstan). Our strategic investments have been targeted to healthcare and active living, education, infrastructure, culture and indigenous communities. We have also made charitable donations worth \$0.3 million.

Responding to the coronavirus pandemic, we allocated \$3.4 million additional financial support to medical

COMMUNITY INVESTMENT BY AREA

(% of total spend)



¹ Including \$3.4 million Covid-related support.

organisations for specialised diagnostic equipment, PPE and medicines. Our existing social projects remained generally unaffected, with only a small number of events postponed or held virtually.

Improving social infrastructure in Amursk, Russia

For the last three years, we have been active in Amursk on social projects to support our employees and their communities. Addressing the most pressing issues as reported by the local community, projects have included renovating the city's bus station, the Central Regional Hospital's healthcare centre for women, and the theatre, as well as building a roller dome and planning the rejuvenation of the river bank. A key 2020 achievement was the school support programme of teacher engagement, equipment and national exam preparation at all six state schools in Amursk. We also funded specialist doctors at local hospitals to tackle Covid-19 efforts.



Community issue	Examples of projects	Total number of projects and funds allocated
Healthcare (including Covid-19 related support) 	<ul style="list-style-type: none"> Supporting more than 30 hospitals with their Covid-19 response in 26 districts in Russia and Kazakhstan Purchasing diagnostic equipment for Amursk Central Regional Hospital, Khabarovsk Region Giving financial support to young doctors to improve retention at a local hospital in Zhitikarinsky District, Kazakhstan 	166 projects \$9.2m
Education 	<ul style="list-style-type: none"> Renovating and equipping more than 60 education facilities, such as preschools, general education and vocational schools and extracurricular centres, in every region where we operate Implementing an education support programme in Amursk, Khabarovsk Region Equipping local schools for robotics classes, Khabarovsk Region 	113 projects \$2.8m
Sports 	<ul style="list-style-type: none"> Supporting local sports teams annually Constructing an outdoor ice hockey rink in Auezov Settlement, Kazakhstan Constructing a multi-use game area on the school grounds in Batagai Settlement, Yakutia 	46 projects \$2.3m
Infrastructure 	<ul style="list-style-type: none"> Renovating and maintaining public roads and bridges in Khabarovsk and Sverdlovsk Regions and Kazakhstan Installing more than 10 playgrounds in the Khabarovsk Region, Yakutia and Kazakhstan Installing a modular boiler in Beimbet Mailin District, Kazakhstan 	66 projects \$2.2m
Culture 	<ul style="list-style-type: none"> Renovating the cultural and leisure centre in Polina Osipenko village, Khabarovsk Region Funding celebrations marking the 75th Anniversary of the Victory in the Great Patriotic War Organising a 'more precious than gold' literary competition in the Magadan Region 	68 projects \$0.8m
Charity 	<ul style="list-style-type: none"> Upgrading equipment in Lekoteka Children's Centre in Auezov Settlement, Kazakhstan Supporting volunteers helping the elderly in Tomponsky District, Yakutia Supporting first graders from families struggling with difficult circumstances, elderly people and veterans through annual targeted assistance actions in every region where we operate 	118 projects \$0.3m
Indigenous Minorities of the North 	<ul style="list-style-type: none"> Supporting an ethnographic camp project in Kheket, Northern Evensk Ethnographic Museum, Magadan Region Renovating ethnographic museums, Magadan and Khabarovsk Regions Supporting projects on preservation of the Nanai language, Khabarovsk Region Supporting reindeer herders in the Far East 	76 projects \$0.3m

Material issue

Communities

continued



Community engagement

We aim to maintain open dialogue with local communities, share our progress in sustainable development and collect feedback. In addition to telephone and email community feedback mechanisms, we also hold regular public hearings, site visits and working groups – in 2020, these were mainly held virtually. In 2020 we introduced online community polls and surveyed 1,614 people, a 39% increase on 2019. We also held 18 meetings with stakeholders and 20 public hearings.

We operate a formal grievance procedure that guarantees a detailed response to 100% of questions or concerns within 14 days. In 2020, we received 572 enquiries from local communities, mainly related to financial assistance (16%), healthcare services (14%), education (10%) and infrastructure (10%).

COMMUNITY ENQUIRIES BY TOPIC

(% of total enquiries)



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

Indigenous peoples

We respect the rights of indigenous communities in accordance with recognised principles and norms of international law and national legislation, including human rights law. For more than 20 years, we have developed excellent relationships with representatives of indigenous communities, associations and reindeer herding teams. Today this engagement spans five regions in Russia (Chukotka, Magadan, Khabarovsk, Sakha/Yakutia and Sverdlovsk) where we run programmes in 11 districts on preserving culture, language and traditional lifestyles. We engage most frequently with Mansi, Evens, Evenki, Chukchi, Negidal and Nanai indigenous peoples¹. We also provide in-kind support by delivering food, fuel, construction materials and medicines to remote and indigenous communities and reindeer herders, as well as building and maintaining roads to isolated areas.



¹ The term "indigenous peoples" is not used in Kazakh legislation governing the mining industry. We therefore use definitions of "indigenous peoples" only in reference to our Russia-based mines.

Human rights

Whether it is the rights of our colleagues or supplier partners, our communities or contractors – our commitment is consistently clear. Upholding basic freedoms and human dignity is not only right; it is fundamental to how we create value for society. We pay particular attention to regions where we exist side-by-side with indigenous communities. In 2020, we did not have any conflicts related to lands or objects that present historical or cultural value for indigenous communities.

We assign qualified personnel in all operational regions responsible for internal and external communications on any issues related to human rights, ensuring transparent grievance mechanisms for all our stakeholders, and for delivering online human rights training to employees with particular exposure to the related risks. In 2020, 612 employees completed the course. Two years ago, we conducted a human rights risk assessment to ensure that our standards were being applied consistently across all sites in Russia and Kazakhstan; it showed that risks were low and the right measures were being taken. We plan to conduct our second human rights risk assessment in 2021.

Salient human rights risks

Community rights	Health and safety	Environment	Labour relations	Security	Diversity and equality	Supply chain
<ul style="list-style-type: none"> • Limitations in access to resources (water, electricity, etc.), particularly among indigenous communities • Forced resettlement • Poor accessibility of grievance mechanisms 	<ul style="list-style-type: none"> • Injuries and fatalities • Occupational diseases • Road hazards • Poor awareness of employees of health and safety measures 	<ul style="list-style-type: none"> • Water availability and safety • Climate change risk for future generations • Hazardous waste • Shared resources 	<ul style="list-style-type: none"> • Unfavourable working conditions • Forced or child labour • Violation of collective bargaining agreements 	<ul style="list-style-type: none"> • Excessive force by security guards • Violation of privacy rights 	<ul style="list-style-type: none"> • Discrimination based on gender, race, skin colour, religion, nationality, social origin or political opinions 	<ul style="list-style-type: none"> • Bribery and corruption • Human rights violation by contractors and suppliers

Policies and standards

<ul style="list-style-type: none"> • Community Engagement • Political and Charitable Donations Policy 	<ul style="list-style-type: none"> • Health and Safety Policy • ISO 45001 	<ul style="list-style-type: none"> • Environment • Tailings/ Hydraulic Facilities • Mine Closure • Acid Rock Drainage • Energy/ Carbon • ISO 14011 • Cyanide Code 	<ul style="list-style-type: none"> • Employment and Labour Standard • Modern Slavery Act Transparency Statement 	<ul style="list-style-type: none"> • The Security Force Management Standard • Privacy Notice 	<ul style="list-style-type: none"> • Diversity Policy • Human Resources Policy 	<ul style="list-style-type: none"> • Supplier Code of Conduct • Anti-Bribery and Corruption Policy • Gifts and Entertainment Policy • Whistleblower Policy
<p>⊕ Read more on how we mitigate this risk on pages 59–62</p>	<p>⊕ Read more on how we mitigate this risk on pages 29–31</p>	<p>⊕ Read more on how we mitigate this risk on pages 39–57</p>	<p>⊕ Read more on how we mitigate this risk on pages 33–36</p>	<p>⊕ Read more on how we mitigate this risk on our website</p>	<p>⊕ Read more on how we mitigate this risk on pages 35–37</p>	<p>⊕ Read more on how we mitigate this risk on pages 67–69</p>

Communities

continued



Local employment

Wherever we operate, we strive to provide local people with job opportunities. We work closely with local colleges and institutions to provide training and development opportunities in our communities. For example, in 2020, we partnered with local technical and vocational institutions in Kazakhstan, ProSkills Global and the European Bank for Reconstruction and Development on an initiative to help young people develop mining skills in uncertain times. Our support funded an occupational health and safety course (both virtual and in-person) that covered international best practice in diagnostics, the 'five whys analysis', hierarchy of risk controls and situational awareness. We also shared our own experience with course teachers. Following the course, 49% of participants said they had made changes to their training system as a result of the project.

In Russia, we cooperate with more than ten local industry technical and vocational institutions. We run joint educational programmes and internships, as well as supporting schools financially. In 2020, we focused on mining skills development in the Republic of Sakha (Yakutia). In addition to the three-year educational programme on mineral processing at a local college, we collaborated with the State Committee for Employment of Yakutia to launch short-term courses to prepare local candidates for employment at Nezhda, one of our key development projects. We provide training in more than ten different fields, free of charge, to a total capacity of 121 students. After this training, students are offered internships at one of Polymetal's sites – following which, they may be offered a permanent job at our Nezhda mine and processing plant.

In 2020, our local employment rate¹ was 97% for both Russia and Kazakhstan.

¹ Share of employees residing in the country of operation.

Responsible tax policy

In addition to voluntary social investments, we contribute to the national wealth and economic development of our countries of operation through making all applicable tax payments to state and local authorities. The total tax payments in 2020 amounted to \$432 million (compared to \$233 million in 2019) and are disclosed in details in our website's Disclosure centre. As a self-assessment of our responsible tax contribution, we prepared an effective profits tax rates analysis for the preceding three years. The difference between effective and general tax rates in Russia is that tax incentives are provided by preferential tax regimes in the remote regions of the Far East, notably Svetloye, which is classified as a Regional Investment Project and was eligible for a 0% corporate profits tax rate in 2017–2020.

Effective tax rate

Country	3-year average effective tax rate	3-year average effective tax rate to statutory tax rate ratio ¹
Russia	15.1%	75.5%
Kazakhstan	21.9%	109.7%

Our Group Tax Strategy available at our website https://www.polymetalinternational.com/upload/iblock/e0e/Polymetal_Global_Tax_Strategy.pdf is designed to maintain the highest standards of compliance with the requirements of applicable tax laws, treaties, regulations, and other tax guidance, whilst providing adequate controls over tax accounting and tax reporting. It is aligned with our overall business strategy and approach to corporate governance, ethics and risk management. We apply the following approaches to ensure we maintain the highest standards of responsible taxation and tax governance:

Material tax topic	Approach
Organisation of controls	<p>Rigorous tax accounting and reporting processes and controls are implemented to ensure our objectives are met.</p> <p>All material operations are subject to a review and approval process from multiple levels of expertise within the Group Companies, with supplementary advice from external advisors where deemed necessary.</p> <p>Controls and processes are subject to regular reviews by our internal audit department and material tax positions are subject to review by an external auditor.</p>
Tax planning	The Group doesn't operate in tax haven jurisdictions and doesn't utilise aggressive tax planning. We make sure that our tax payouts are consistent with genuine commercial activity, and that they comply with the laws and regulations of the jurisdictions in which we operate and are consistent with our business strategy.
Approach to tax risk management	The Group is continuously monitoring its tax strategies and tax structures to comply with the new landscape created by base erosion and profit shifting (BEPS), ongoing changes in Russian and Kazakhstan tax legislation and the evolving practice of its application in courts. The Group regularly evaluates its tax position to ensure it is adequately reflected in the consolidated financial statements.
Intragroup transactions	All material intragroup transactions are subject to transfer pricing control. Our transfer pricing methodology is compliant with OECD and local country guidelines. The Group updates the mentioned methodology on a yearly basis with the assistance of external advisors to ensure that the transactions between Group companies are conducted on an arms-length basis.
Tax incentives	We would typically make use of tax incentives and exemptions where they are intentionally provided by law. To the extent the Group obtains an incentive, it fully complies with the requirements of such incentives (including, for example, the amount of investments into the project). For example, Omolon Gold Mining Company LLC and JSC Magadan Silver are entitled to the decreased statutory income tax and MET rates as residents of the Special Economic Zone of the Russian Far East. In return for obtaining this tax relief they are obliged to invest 50% of their tax savings each year in the Special Economic Zone Development Programme, amounting to \$18 million in 2020 (2019: \$11 million).
Relationships with tax authorities	<p>The Group's approach is to promote transparent relationships with the tax authorities, and maintain open communication with all relevant tax authorities to ensure all information reporting required by applicable laws is available on a timely basis.</p> <p>The Group is an active member of industry associations aimed at contributing to an open and constructive dialogue with government bodies.²</p>
Transparency and disclosures	The tax transparency landscape has continued to develop over the past few years, with new disclosure requirements implemented including country-by-country reporting, GRI 207 and DAC-6. The Group is compliant with all mandatory disclosures. Where necessary, we engage external advisors to ensure the Group's reporting is sufficient and is compliant with global and local best practices.

¹ The statutory profits tax rate is 20% both in Russia and Kazakhstan.

² Including Union of Gold Producers of Russia (UGPR); Chamber of Commerce and Industry of the Russian Federation; Republican Association of Mining and Metallurgical Enterprises (AMME); and the national chamber of entrepreneurs of the Republic of Kazakhstan "Atameken".

Supply chain

Across our supply chain, we work in partnership to uphold the highest ethical, social and environmental standards. This is critical to our risk management and our sustainability outcomes.

43%

local purchasing

9,296

suppliers screened for business ethics

88

contractors audited for environmental compliance

245

anti-corruption seminars



Which guidelines do we follow?

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

Corporate: Code of Conduct, Supplier Code of Conduct, Anti-Bribery Policy, Procurement Policy

Our targets

- Purchase from local suppliers whenever possible
- Increase supplier engagement in sustainability



Our approach

To run our business, we purchase materials, goods and services from more than 7,000 suppliers – diverse in size and geography. Our Supplier Code of Conduct outlines the ethical and sustainability standards we expect of all supply chain partners. In 2020, we updated the Code to better articulate criteria around safety, labour relations and wider social, environmental and ethical risks. We ensure that all suppliers are familiar with the Code. In addition, in 2020 the Board approved an updated Procurement Policy, which stipulates fair and economically efficient procurement practices across the Group.

Robust risk management processes ensure we can methodically assess and rectify risks in the supply chain. To ensure a focused approach, we annually identify our most procured materials – in 2020, these included cyanide, spare parts for mining and processing equipment, saltpetre, drilling and crushing equipment, big bags and chemical reagents. Suppliers of these materials are carefully selected based on the following criteria:

- Long-term track record in the market (checked by security services, finance and technical departments);
- The ability to ensure stable supplies (reduced risk of supply failure); and
- Readiness to conclude agreements with fixed terms (reduced financial risks).



“Across every stage of our supply chain, we are committed to integrating ethical, social and environmental standards into our partnership decisions.”

Supply chain

continued



Priority is also given to producing and manufacturing firms, as opposed to resellers, in order to reduce control risk. Suppliers are selected via an open tender process, which includes assessing for compliance with our corporate governance principles and anti-corruption policies. Certain suppliers must also fill out a prequalification questionnaire on ethical and sustainability conduct.

Monitoring suppliers

An e-procurement system helps us to enforce our Procurement Policy by applying standards consistently across a large number of contractors. Additional monitoring was introduced at the start of the Covid-19 pandemic to ensure supply continuity. In addition to assessing new suppliers selected via tender, we regularly assess current suppliers, regardless of how long we have worked with them. In 2020, we screened 9,296 new and existing suppliers for compliance with our business ethics policies, 463 of whom were deemed non-compliant and removed from the procurement process.

We are starting to engage more with our suppliers on climate issues and in 2020, we started to capture data on GHG emissions for our reporting on product carbon footprint. We also introduced anti-bribery and human rights clauses in contracts, not only with suppliers, but also with our downstream supply partners. Going forward, our contracts state that any violation will mean that we will end the contract.

Applying environmental criteria to contractors

Our Supplier Code of Conduct extends to environmental expectations, with a focus on service providers working at our sites. Our contracts stipulate penalties for non-compliance, especially around packaging, noise, pollution and emergency preparedness. Once a supplier is contracted with us, we conduct periodic formal assessments and audits for environmental compliance and best practice. In addition, cyanide suppliers and carriers must be certified under the International Cyanide Management Code.

All contractors are inducted to our Environmental Management System and are required to demonstrate responsible practices and continual improvement. In 2020, we audited 88 contractors, with no violations resulting in a significant financial impact on the business.

Anti-corruption

As one of our top supply chain risks, we commit to a strict zero-tolerance approach to bribery, fraud and corruption and have established protective safeguards to support this. Our internal audit department monitors the implementation of anti-corruption policies at all sites. A dedicated confidential hotline <https://www.polymetalinternational.com/en/contacts/hotline/> (email or phone – toll-free in Russia and Kazakhstan with the phone messages being recorded) allows anyone to anonymously report suspicions of corruption, bribery, fraud, human rights violations, harassment, insults, threats, moral and psychological abuse, alcohol or drug intoxication, disclosure or misuse of confidential information and other violations of applicable laws and regulations. The hotline details are available on the website.

Reported concerns are processed by the morning of the following business day. All messages are thoroughly investigated on a confidential basis and without bias. Best efforts are used to uphold anonymity if requested by a whistleblower. In 2020, we received 25 concerns, three of which were validated after a full investigation; the remainder were found to be either lacking evidence or unrelated to business ethics. Concerns included corruption and corporate conduct.

We raise awareness of bribery and corruption risks and in 2020, we delivered 245 seminars for high-risk groups, attended by 7,515 people. We identified eight instances of corruption over the past year – none of these had any impact on our financial position or operations, and none involved public or government officials. No court cases relating to corruption were brought against Polymetal or any of our employees.

Local procurement

We aim to prioritise local procurement at both site and Group level. Sourcing locally reduces our carbon miles and transport costs, while also adding socio-economic value in our neighbourhoods and maintaining operational continuity (particularly in remote locations). In 2020, we created a new role of Supplier Analyst to monitor the share of local procurement and look at ways to increase it. Our data showed 37% local purchases in Russia and 82% in Kazakhstan (2019: 48% and 84%, respectively). The decrease was mainly due to Covid-19, since we were forced to purchase up to six months' supply of certain goods to secure business continuity. Many of our local suppliers were not able to fulfil these needs due to

their own operational difficulties. We also saw local currency rates drop, reducing our local costs compared to those we paid in USD. Overall, local procurement amounted to 43% of our total procurement.

Cybersecurity

Cybersecurity and data protection are significant risks, not only in our own business, but also in our supply chains. As we collect, store and process our business partners' data, we focus on ensuring the resilience of our information systems. We manage this in accordance with a series of ISO/IEC 27001 (ISO 27001) standards and our information technology management platform is based on COBIT (Control Objectives for Information and Related Technology), which sets out the high-level requirements for key processes. During the year, we received no complaints concerning breaches of partner privacy or loss of data.

To monitor emerging information security threats, our Group Information Security Standard is available for all employees on our intranet and includes account management, password protection, anti-malware and personal data protection. Each new employee is familiarised with the Standard during hiring and they receive cybersecurity training during induction. Our security department provides ongoing,

regular email communications around potential threats, while specific training is offered to our talent pool employees. In 2020, we started to prepare for certification to international standard ISO 27001, which is planned for 2021.

Our wider value chain

In 2020, revenue was derived principally from the sale of gold and silver bullion (47%), gold, silver and copper concentrate (32%) and doré (21%) – sold mainly in Russia and Kazakhstan, as well as East Asia and Europe. As key players in the value chain of these products, we will (as a minimum) comply with applicable national and international regulations regarding product quality, shipment and transportation. Beyond this, we have a responsibility to manage risks when selecting our commercial partners. Find out more about our value chain on pages 8–9.



To the Management of Polymetal International plc

Introduction

We have been engaged by the Management of Polymetal International plc (hereinafter – the “Company”) to provide limited assurance on the selected information described below and included in the Sustainability Report of the Company for the year ended 31 December 2020 (hereinafter – the “Sustainability Report”). The Sustainability Report represents information related to the Company and its subsidiaries (hereinafter together – the “Group”).

Selected information

We assessed the qualitative and quantitative information, that is disclosed in the Sustainability Report and referred to or included in the GRI content index and the SASB content index (hereinafter – the “Selected Information”). The Selected Information has been prepared in accordance with:

- GRI Sustainability Reporting Standards (Core option), including GRI G4 Mining and Metals Sector Disclosures, (hereinafter – the “GRI Standards”) published by the Global Reporting Initiative (GRI), and
- Metals & Mining Sustainability Accounting Standard (hereinafter – the “SASB Standard”) published by the Sustainability Accounting Standards Board (SASB), respectively.

The scope of our assurance procedures was limited to the Selected Information for the year ended 31 December 2020. We have not performed any procedures with respect to earlier periods or any other items (inclusive of any disclosures under the Task Force on Climate-related Financial Disclosures) included in the Sustainability Report and, therefore, do not express any conclusion thereon.

Reporting criteria

We assessed the Selected Information using relevant criteria, including reporting principles and requirements, in the GRI Standards and the SASB Standard (hereinafter – the “Reporting Criteria”). We believe that the Reporting Criteria are appropriate given the purpose of our limited assurance engagement.

The Group's responsibilities

Management of the Group is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology, including objective reporting criteria, and guidelines for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- preparation, measuring and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness and presentation of the Selected Information.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management of the Group.

This report, including our conclusion, has been prepared solely for the management of the Group in accordance with the agreement between us, to assist management in reporting on the Group's sustainability performance and activities. We permit this report to be disclosed in the Sustainability Report, which may be published on the Company's website¹, to assist management in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management of the Group for our work or this report.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits and Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our assurance procedures over the Selected Information in the Russian Federation.

Our firm applies 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.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of the Group's management, including the Sustainability Reporting (SR) team and those with responsibility for SR management and group reporting;
- conducted interviews of personnel responsible for the preparation of the Sustainability Report and collection of underlying data;
- performed analysis of the relevant internal methodology and guidelines, gaining an understanding and evaluating the design of the key structures, systems, processes and controls for managing, recording, preparing and reporting the Selected Information;
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported; and
- reviewed the Selected Information for compliance of the disclosures with the relevant requirements of the Reporting Criteria.

Reporting and measurement methodologies

The range of different, but acceptable under the GRI Standards and the SASB Standard, measurement and reporting techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management in preparing the Sustainability Report, described therein, and which the Group is solely responsible for.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe, that the Selected Information for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

- 1 The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company's website.

AO PricewaterhouseCoopers Audit

15 March 2021
Moscow, Russian Federation



A.Y. Fegetsyn, certified auditor (licence No. 03-001436), AO PricewaterhouseCoopers Audit

Audited entity: Polymetal International plc

Certificate of Incorporation issued on 29 July 2010 under Registration Number 106196

Taxpayer Identification Number 18006773Z

44 Esplanade St Helier Jersey JE4 9WG Channel Islands

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

Key sustainability figures

Financial and operation results

Value distribution: trailing three-year data¹

	Units	2020	2019	2018
Revenue	US\$m	2,865	2,246	1,882
Cash operating costs (excluding depreciation, labour costs and mining tax)	US\$m	780	845	728
Wages and salaries; other payments and benefits for employees	US\$m	394	397	315
Payments to capital providers	US\$m	67	75	79
Payments to shareholders	US\$m	481	240	223
Taxes (excluding payroll taxes included in labour costs)				
Income tax and excess profit tax	US\$m	275	107	71
Taxes, other than income tax	US\$m	15	11	13
Mining tax	US\$m	142	115	97
Social payments	US\$m	28	24	16
Undistributed economic value retained	US\$m	683	432	333

¹ See asset-level financial and operation data in our Annual Report.

Production: trailing three-year data

	Units	2020	2019	2018
Waste mined	Mt	167	159	127
Underground development, km	km	90	106	130
Ore mined	Kt	15,761	17,224	13,979
Open-pit	Kt	11,595	13,022	9,319
Underground	Kt	4,166	4,202	4,660
Ore processed	Kt	15,447	15,024	15,162
Production				
Gold	Koz	1,402	1,316	1,216
Silver	Moz	19	21.6	25.3
Copper	Kt	1.5	2.5	3.9
Total, gold equivalent²	Koz	1,559	1,496	1,427

² Based on a 120:1 Au/Ag conversion ratio (prior to Q2 2020, Polymetal used an 80:1 Au/Ag ratio) and excluding base metals (which were previously included). Historical comparative data restated accordingly.

Sales: trailing three-year data

	Units	2020	2019	2018
Gold	Koz	1,392	1,366	1,198
Silver	Moz	19.3	22.1	25.7
Copper	Kt	1.4	2.8	3.3

Safety

Polymetal employee health and safety: trailing three-year data

	Units	2020	2019	2018
Injuries, including:	number	13	20	11
Fatalities	number	0	2	1
Severe injuries	number	2	3	2
Minor injuries	number	11	15	8
LTIFR ³	rate	0.12	0.19	0.09
Days off work following accidents	number	1,583	1,760	N/A
Occupational diseases and health difficulties	number	2	1	3
Near-misses	number	3,653	2,684	N/A

Contractor employee safety: trailing three-year data

	Units	2020	2019	2018
Injuries, including:	number	12	10	15
Fatalities	number	0	1	0
Severe injuries	number	0	0	0
Minor injuries	number	12	9	15
LTIFR ³	rate	0.24	0.20	0.27

Polymetal employee safety: site level

	LTIFR ³	Fatalities	Severe injuries	Minor injuries
Kyzyl	0.16	0	1	1
Varvara	0	0	0	0
Komar mine (part of Varvara hub)	0	0	0	0
Voro	0	0	0	0
Mayskoye	0.11	0	0	1
Omolon	0.29	0	1	2
Dukat	0.14	0	0	2
Svetloye	0	0	0	0
Albazino	0.08	0	0	1
Kutyn (part of Albazino hub)	1.30	0	0	2
Amursk POX	0	0	0	0
Nezhda	0.39	0	0	2
Prognoz	0	0	0	0
Viksha	0	0	0	0
Veduga	0	0	0	0
Total	0.12	0	2	11

³ Lost-time injury frequency rate per 200,000 hours worked.

Key sustainability figures continued

People

Workforce: trailing three-year data

	Units	2020	2019	2018
Employees				
Average headcount	number	12,065	11,611	12,140
Headcount as of 31 Dec	number	12,679	11,819	12,348
Contractors working on Polymetal's territories (average headcount)	number	5,277	5,336	6,023
New employee hires during the reporting period	number	3,156	N/A	N/A
Female	number	662	N/A	N/A
Male	number	2,494	N/A	N/A
Percentage of employees at operating sites covered by collective bargaining agreements	%	100	100	100
Percentage of employees covered by collective bargaining agreements	%	83	86	89
Turnover rate	%	6.5	5.8	5.8
Female	%	5.8	6.9	6.7
Male	%	6.7	5.5	5.6
<i>Breakdown by gender</i>				
Percentage of female employees	%	21	21	20
Percentage of female managers	%	22	22	22
Percentage of female qualified personnel	%	40	39	40
Percentage of female workers	%	11		
Gender pay gap (average remuneration for men to average remuneration for women)	%	1.25	1.30	1.29
<i>Breakdown by age groups</i>				
Employees under 30 years old, including:	number	2,092	2,083	2,546
Female	number	500	468	521
Male	number	1,592	1,615	2,043
Percentage of employees under 30 years old	%	16	18	21
Employees 30–50 years old, including:	number	8,579	7,815	N/A
Female	number	1,840	1,677	N/A
Male	number	6,739	6,138	N/A
Percentage of employees 30–50 years old	%	68	66	N/A
Over 50 years old, including:	number	2,006	1,918	N/A
Female	number	480	448	N/A
Male	number	1,526	1,470	N/A
Percentage of employees over 50 years old	%	16	16	N/A
Disabled personnel	number	30	23	11
Taken parental leave, including:	number	118	150	175
Female employees on parental leave	%	111	146	97
Male employees on parental leave	%	7	4	3
Return to work and retention rates after parental leave	%	100	100	100

Employees by type of employment contract in 2020

	Female	Male	Total	% of total workforce
Indefinite term employment contract	2,341	8,929	11,270	93
Fixed-term employment contract	144	651	795	7
Full-time	2,448	9,502	11,950	99
Part-time	37	77	114	1

Employee training: trailing three-year data

	Units	2020	2019	2018
Trained personnel	number	7,593	10,453	N/A
Average number of training hours per employee (per year)	number	126	74	49
<i>By gender</i>				
Female	number	98	69	51
Male	number	132	75	49
<i>By employee level</i>				
Managers	number	141	N/A	N/A
Qualified personnel	number	124	N/A	N/A
Workers	number	118	N/A	N/A
Average number of mandatory training hours per year ¹	number	95	N/A	N/A
Average number of non-mandatory training hours per year	number	145	N/A	N/A
Total investments in training ²	\$ thousand	1,131	1,215	1,494
Annual investments in training per employee	\$	149		
Female	\$	167	N/A	N/A
Male	\$	130	N/A	N/A

1 Mandatory training mostly refers to safety training.

2 Travel costs excluded from 2019.

GHG emissions

GHG emissions: trailing three-year data³

	Units	2020	2019	2018
Scope 1 (direct emissions), including:⁴	t of CO ₂ e	612,670	613,718	N/A
Combustion of fuels in stationary sources, including:	t of CO ₂ e	283,912	287,144	N/A
Organisation-owned stationary sources	t of CO ₂ e	283,415	286,799	N/A
Controlled contractor stationary sources	t of CO ₂ e	497	345	N/A
Combustion of fuels in mobile combustion sources, including:	t of CO ₂ e	327,785	325,719	N/A
Organisation-owned mobile combustion sources	t of CO ₂ e	254,679	248,718	N/A
Controlled contractor mobile combustion sources	t of CO ₂ e	73,106	77,001	N/A
Emissions resulting from the waste processing	t of CO ₂ e	972	854	N/A
Scope 2 (energy indirect emissions), including:	t of CO ₂ e	565,924	584,706	N/A
Location based	t of CO ₂ e	490,569	584,706	N/A
Market based	t of CO ₂ e	75,355	0	N/A
Scope 3 (other indirect emissions), including:	t of CO ₂ e	625,265	610,635	N/A
Fuel and energy-related activities (not included in Scopes 1 or 2)	t of CO ₂ e	192,419	192,517	N/A
Purchased goods	t of CO ₂ e	222,498	204,701	N/A
Capital goods	t of CO ₂ e	108	64	N/A
Upstream transportation and distribution	t of CO ₂ e	146,358	133,243	N/A
Business travel	t of CO ₂ e	2,668	4,135	N/A
Downstream transportation and distribution	t of CO ₂ e	8,284	7,004	N/A
Processing of sold products	t of CO ₂ e	44,318	58,427	N/A
Employee commuting	t of CO ₂ e	8,612	10,544	N/A
GHG intensity (Scope 1 + Scope 2)	t of CO ₂ e per Kt of processed ore	76.3	79.8	N/A

3 A new methodology has been applied since 2020 for more precise disclosure of emissions; data for 2019 has been restated accordingly for comparative purposes. Data for 2018 calculated using the old methodology is considered to be unrepresentative.

4 Emissions categories aligned with the Greenhouse Gas Protocol definitions.

Key sustainability figures continued

GHG emissions continued

GHG emissions in 2020 (Scope 1 and Scope 2): site level, t of CO₂e

	Scope 1, t	Scope 2, t	Location-based/ market-based
Kyzyl	117,416	75,355	market-based
Varvara	13,978	143,003	location-based
Komar mine (part of Varvara hub)	55,353	6,687	location-based
Voro	9,122	38,983	location-based
Mayskoye	37,211	83,165	location-based
Omolon	87,526	0	–
Dukat	68,981	124,814	location-based
Svetloye	36,581	269	location-based
Albazino	115,268	247	location-based
Kutyn (part of Albazino hub)	3,128	0	–
Amursk POX	2,704	93,402	location-based
Nezhda	43,057	0	–
Prognoz	1,385	0	–
Viksha	N/A	N/A	N/A
Veduga	20,959	0	market-based

Energy

Energy consumption: trailing three-year data

	Units	2020	2019	2018
Electricity generated				
Diesel ¹	GJ	916,123	900,962	1,005,061
Solar/wind	GJ	3,586	3,824	N/A
Electricity purchased	GJ	2,236,462	2,161,367	2,124,366
Transport and mobile machinery by sources:				
Diesel	GJ	2,313,476	2,232,071	1,990,623
Petrol	GJ	33,447	24,723	34,973
Heat generated by sources:				
Diesel ²	GJ	198,432	204,646	72,906
Coal	GJ	1,023,629	1,115,426	1,216,270
Natural gas	GJ	143,367	165,265	172,445
Waste oils	GJ	12,228	17,996	22,801
Energy intensity ³	GJ per Koz of GE	4,414	4,563	4,654
Total energy	GJ	6,880,749	6,826,281	6,640,157

1 Value for 2018 restated to comply with calculation standard. Total energy consumption remains unchanged.

2 Including concentrate drying since 2019.

3 Based on a 120:1 Au/Ag conversion ratio (prior to Q2 2020, Polymetal used an 80:1 Au/Ag ratio) and excluding base metals (which were previously included). Historical comparative data restated accordingly.

Energy consumption in 2020: site level, GJ

	Electricity generated		Electricity purchased		Transport and mobile machinery		Heat generated			
	Diesel	Renewable (solar/wind)	Non-renewable	Renewable (hydropower)	Diesel	Petrol	Diesel	Coal	Natural gas	Waste oils
Kyzyl	0	0	295,189	93,744	825,220	3,558	60,960	128,686	0	0
Varvara	0	11	560,187	0	114,246	4,693	0	0	0	0
Komar mine (part of Varvara hub)	160	0	26,195	0	420,809	2,226	0	0	5,854	0
Voro	0	0	225,260	0	13,180	2,998	0	0	114,701	0
Mayskoye	1,416	0	284,054	0	129,791	2,622	36,435	233,482	0	2,913
Omolon	270,772	0	0	0	83,885	2,807	20,607	125,621	0	2,004
Dukat ⁴	167,458	0	420,084	0	137,668	7,356	18,728	230,501	0	5,373
Svetloye	46,601	3,575	0	0	79,502	1,375	8,228	192,078	0	1,939
Albazino	387,681	0	843	0	333,647	2,120	48,432	0	0	0
Kutyn (part of Albazino hub)	5,010	0	0	0	18,493	462	0	0	0	0
Amursk POX	0	0	319,019	0	3,497	812	0	0	22,811	0
Nezhda	37,011	0	0	0	103,224	1,687	5,041	113,262	0	0
Prognoz	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Viksha	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Veduga	14	0	0	11,887	50,314	731	0	0	0	0
Total energy	916,123	3,586	2,130,831	105,631	2,313,476	33,447	198,432	1,023,629	143,367	12,228

4 Including energy consumed by Primorskoye LLC.

Water

Water consumption and discharge: trailing three-year data

	Units	2020	2019	2018
Fresh water withdrawal, including:		3,484	4,919	6,606
Ground water	thousand m ³	1,285	1,695	1,395
Surface water	thousand m ³	1,467	2,236	4,736
External water supply	thousand m ³	732	988	475
Water reused and recycled, including:		29,606	32,276	32,813
Recycled water	thousand m ³	26,965	28,222	28,317
Waste water	thousand m ³	2,641	4,053	4,496
Total water consumed	thousand m ³	33,090	37,194	39,419
Share of water recycled and reused	%	89	87	83
Fresh water use intensity	m ³ /Kt of processed ore	226	327	436
Fresh water use for processing intensity ⁵	m ³ /Kt of processed ore	171	268	299
Discharge				
Watercourses	thousand m ³	10,128	10,757	10,407
Collecting ponds	thousand m ³	1,864	857	247
Landscape	thousand m ³	0	0	0
Sewage	thousand m ³	375	297	187
Total water discharge	thousand m ³	12,367	11,910	10,841
Water sources significantly affected by withdrawal of water	number	0	0	0

5 Excluding Okhotsk and Kapan operations sold in 2018 and January 2019, respectively. Water use for processing does not include water used for non-technological purposes.

Key sustainability figures continued

Water continued

Water consumption in 2020: site level

Units	Total water consumption thousand m ³	Fresh water withdrawal thousand m ³	Water reused and recycled thousand m ³	Share of water recycled and reused %	Fresh water use for processing intensity ¹ m ³ /Kt of processed ore
Kyzyl	4,906	774	4,132	84	241
Varvara	5,723	837	4,885	85	215
Komar mine (part of Varvara hub)	174	10	164	94	N/A
Voro	7,623	45	7,578	99	0
Mayskoye	2,443	109	2,333	96	46
Omolon	1,597	219	1,379	86	65
Dukat	6,636	505	6,130	92	153
Svetloye	357	130	227	64	68
Albazino	2,215	481	1,733	78	236
Kutyn (part of Albazino hub)	N/A	N/A	N/A	N/A	N/A
Amursk POX	1,338	294	1,044	78	N/A
Nezhda	74	74	0	0	N/A
Prognoz	N/A	N/A	N/A	N/A	N/A
Viksha	N/A	N/A	N/A	N/A	N/A
Veduga	5	5	0	0	N/A

1 Excluding water used for non-technological purposes.

Water discharge in 2020: site level

Units	Watercourses thousand m ³	Collecting ponds thousand m ³	Landscape thousand m ³	Sewage thousand m ³
Kyzyl	0	44	0	236
Varvara	1,413	1,380	0	34
Komar mine (part of Varvara hub)	969	0	0	8
Voro	1,720	0	0	3
Mayskoye	88	120	0	0
Omolon	3,119	0	0	0
Dukat	1,919	289	0	67
Svetloye	0	31	0	0
Albazino	861	0	0	0
Kutyn (part of Albazino hub)	N/A	N/A	N/A	N/A
Amursk POX	7	0	0	26
Nezhda	31	0	0	0
Prognoz	N/A	N/A	N/A	N/A
Viksha	N/A	N/A	N/A	N/A
Veduga	0	0	0	0

Waste

Waste generation and management: trailing three-year data

	Units	2020	2019	2018
Total waste	t	181,959,017	155,923,761	139,160,407
<i>By composition</i>				
Waste rock	t	169,287,548	143,439,734	126,616,404
Tailings, including	t	12,627,995	12,469,214	12,520,295
Dry tailings	t	1,348,599	1,212,822	1,179,964
Wet tailings	t	11,279,395	11,256,392	11,340,331
Share of dry stacked tailings ²	%	11	10	9
Other waste (metal, plastic, paper, etc.)		43,474	14,813	23,708
<i>By waste hazard classification</i>				
Non-hazardous	t	181,951,432	155,918,075	139,144,579
Hazardous	t	7,585	5,686	15,828
<i>By treatment</i>				
Waste disposed	t	141,217,837	134,518,857	116,631,253
Non-hazardous	t	141,215,474	134,514,807	N/A
Hazardous	t	2,363	4,050	N/A
Waste diverted from disposal, including:		31,621,854	21,705,608	22,620,708
Waste neutralised	t	330	274	9,616
Non-hazardous	t	43	26	N/A
Hazardous	t	286	248	N/A
Waste reused and recycled	t	31,621,525	21,705,334	22,611,092
Non-hazardous	t	31,616,846	21,703,421	N/A
Hazardous	t	4,679	1,913	N/A
Percentage of waste reused of total waste generated	%	17	14	16

2 Excluding Okhotsk and Kapan operations sold in 2018 and January 2019, respectively.

Waste management in onsite/offsite breakdown, t

	Onsite	Offsite	Total
Waste diverted from disposal, including:	31,616,887	4,968	31,621,854
Non-hazardous waste	31,615,204	1,685	31,616,889
Waste reused and recycled	31,615,203	1,642	31,616,846
Waste neutralised	1	43	43
Hazardous waste	1,683	3,283	4,966
Waste reused and recycled	1,492	3,187	4,679
Waste neutralised	191	95	286
Waste disposed	141,217,087	751	141,217,837
Non-hazardous waste	141,215,273	201	141,215,474
Hazardous waste	1,813	550	2,363

Share of waste reused and recycled: site level

Units	Total waste generated t	Share of waste reused and recycled %
Kyzyl	80,340,434	2
Varvara	7,429,934	38
Komar mine (part of Varvara hub)	37,049,766	2
Voro	1,007,743	79
Mayskoye	4,417,854	45
Omolon	3,454,187	47
Dukat	3,531,843	30
Svetloye	2,754,244	95
Albazino	21,708,306	38
Kutyn (part of Albazino hub)	N/A	N/A
Amursk POX	343,829	0
Nezhda	10,010,529	100
Prognoz	N/A	N/A
Viksha	N/A	N/A
Veduga	9,910,349	0

Key sustainability figures continued

Principal consumables

Principal consumables: trailing three-year data

	Units	2020	2019	2018
Diesel ¹	t	140,681	137,240	130,787
Quicklime	t	109,229	100,116	69,272
Grinding body	t	17,016	17,360	15,343
Sodium cyanide	t	8,132	8,202	9,537
Concrete	t	8,764	7,371	8,054
Perhydrol	t	6,227	5,496	5,732
Flotation reagents	t	5,119	3,979	3,747
Soda	t	5,844	8,723	3,489
Caustic soda	t	2,137	700	1,426
Flocculant	t	264	214	213

1 Diesel used to dry concentrate was not included in 2018.

Air quality

Air quality: trailing three-year data

	Units	2020	2019	2018
Sulphur dioxide (SO ₂)	t	847	954	1,030
Oxides of nitrogen (NOx)	t	2,789	2,532	2,919
Carbon monoxide	t	2,798	2,818	3,037
Solid particles ²	t	2,946	4,773	4,458
Ozone depleting (CFC-11 equivalents) substances emitted	t	0	0	0
VOCs	t	1,004	1,081	N/A
Mercury (Hg)	t	0	0	N/A
Lead (Pb)	t	0.17	0.27	N/A

2 Since 2019 solid particles have included other types of particles besides inorganic dust.

Air quality: site level, t

	Sulphur dioxide (SO ₂)	Oxides of nitrogen (NOx)	Carbon monoxide	Solid particles	Ozone depleting (CFC-11 equivalents) substances emitted	VOCs	Lead (Pb)
Kyzyl	72	272	154	2	0	0	0.00
Varvara	0	28	7	0	0	0	0.00
Komar mine (part of Varvara hub)	1	30	36	293	0	4	0.00
Voro	21	133	159	131	0	35	0.03
Mayskoye	24	154	167	262	0	50	0.06
Omolon	216	635	610	398	0	123	0.01
Dukat	135	477	598	367	0	117	0.00
Svetloye	127	209	274	273	0	45	0.08
Albazino	211	662	540	650	0	587	0.01
Kutyn (part of Albazino hub)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Amursk POX	4	47	37	21	0	7	0.00
Nezhda	30	125	201	477	0	30	0.00
Prognoz	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Viksha	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Veduga	5	17	15	73	0	6	0.00

Biodiversity

Biodiversity: trailing three-year data

	Units	2020	2019	2018
IUCN red list species and national conservation list species with habitats in areas affected by operations				
Endangered species in the direct impact area	number	0	1	0
Endangered species in the indirect impact area	number	5	N/A	N/A
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas ³	number	0	0	0

3 Our Omolon operation is situated near a territory of traditional nature use, where we pay increased environmental fees to compensate indigenous communities.

Lands

Lands: trailing three-year data

	Units	2020	2019	2018
Total managed land area	hectares	25,952	19,153	19,910
Land disturbed during year	hectares	1,329	601	557
Land rehabilitated during year	hectares	1,404	136	232
Total land disturbed and not yet rehabilitated	hectares	11,838	11,376	12,694

Lands: site level, 2020, hectares

	Land disturbed during year	Land rehabilitated during year
Kyzyl	85	0
Varvara	7	0
Komar mine (part of Varvara hub)	85	6
Voro	15	0
Mayskoye	6	0
Omolon	496	960
Dukat	161	417
Svetloye	14	7
Albazino	81	15
Kutyn (part of Albazino hub)	317	0
Amursk POX	15	0
Nezhda	8	0
Prognoz	8	0
Viksha	N/A	N/A
Veduga	29	0
Total	1,329	1,404

Environmental expenditures

Total environmental expenditures: trailing three-year data, \$ thousand:

	2020	2019	2018
Overall expenditures, including:	27,853	35,021	19,945
Water	2,847	19,583	2,381
Land ⁴	16,798	8,121	2,335
Waste	5,226	4,576	7,546
Air quality	2,103	2,117	4,357
Other ⁵	879	624	3,326

Environmental expenditures by type in 2020 (operational/capital), \$ thousand

	Operational	Capital	Share of operational expenditures in total	Share of capital expenditures in total
Overall expenditures, including:				
Water	1,465	1,382	51%	49%
Land ⁴	1,058	15,740	6%	94%
Waste	4,353	873	83%	17%
Air quality	1,939	164	92%	8%
Other ⁵	861	18	98%	2%

⁴ Including rehabilitation activities.

⁵ Including scientific research, biodiversity protection and noise pollution.

Key sustainability figures continued

Community investment

Community investment: trailing three-year data

	Units	2020	2019	2018
Sport	US\$ thousand	2,282	6,234	3,111
Healthcare ¹	US\$ thousand	9,177	249	2,305
Education	US\$ thousand	2,751	1,889	1,755
Culture and art	US\$ thousand	847	1,201	810
Infrastructure of social importance	US\$ thousand	2,194	3,470	1,223
IMN support	US\$ thousand	315	334	288
Charitable donations	US\$ thousand	331	1,772	601
Total community investment	US\$ thousand	17,897	15,148	10,092
Number of partnership agreements	number	33	33	34
Total value of financial contributions to political parties, politicians, and political action committees	US\$ thousand	0	0	0

1 Including \$3,426 thousand Covid-related support in 2020.

Community engagement: trailing three-year data

	Units	2020	2019	2018
Employees enquiries	number	1,092	1,149	1,458
Response rate	%	100	100	100
Communities enquiries	number	572	588	755
Response rate	%	100	100	100
Stakeholder meetings, including:	number	44	77	50
Public hearings and community meetings	number	38	49	N/A
Site visits by external stakeholders	number	5	22	9
Other	number	1	6	N/A

Ethics

	Units	2020	2019	2018
Code of conduct violations ²	number	792	451	374
Cases of corruption ³	number	8	17	46
Prevented loss	\$ thousand	18,712	307	596

2 In 2020, 92% related to alcohol and drug use. All employees and contract workers identified were dismissed with no right to return. Contractors involved were required to pay penalties.

3 Acts of corruption did not involve public or government officials.

Compliance and product responsibility

	Units	2020	2019	2018
Significant fines	\$ thousand	0	0	0
Non-monetary sanctions	\$ thousand	0	0	0
Cases brought	number	0	0	0
Environmental fines	\$ thousand	0.3	1.5	4.3
Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	\$ thousand	0	0	0
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	\$ thousand	0	0	0
Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	\$ thousand	0	0	0

Topic	SASB code	Accounting metric	Data and references	Scope and comments
Greenhouse Gas Emissions	EM-MM-110a.1	Gross global Scope 1 emissions	612,670 tonnes CO ₂ e	4
		Percentage covered under emissions-limiting regulations	No GHG emission-limiting regulations are imposed in Russia or Kazakhstan	4
	EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Climate change, p.39–45 Task Force on Climate-related Financial Disclosures, Annual Report 2020, p.70	4
Air Quality	EM-MM-120a.1	Air emissions of the following pollutants:		3
		(1) CO	2,798 tonnes	3
		(2) NOx (excluding N ₂ O)	2,789 tonnes	3
		(3) SOx	847 tonnes	3
		(4) particulate matter (PM10)	2,946 tonnes	3
		(5) mercury (Hg)	Zero	3
		(6) lead (Pb)	0.17 tonnes	3
		(7) volatile organic compounds (VOCs)	1,004 tonnes	3
Energy Management	EM-MM-130a.1	(1) Total energy consumed	6,880,749 GJ	4, excluding Prognoz Serebro LLC
		(2) percentage grid electricity	33%	4, excluding Prognoz Serebro LLC
		(3) percentage renewable	1.6% in total energy consumption, including purchased energy 0.4% in self-generated electricity	4, excluding Prognoz Serebro LLC
Water Management	EM-MM-140a.1	Total fresh water withdrawn	3,484 thousand m ³	3
		Total fresh water consumed	3,484 thousand m ³ (see our total water consumption structure at page 49)	3
		Percentage of each in regions with High or Extremely High Baseline Water Stress	We do not operate in regions of water stress.	3
	EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Two minor incidents of non-compliance: one associated with exceeding discharge limits to water bodies (Komar mine), one associated with water infrastructure maintenance (Kyzyl).	3
Waste & Hazardous Materials Management	EM-MM-150a.1	Total weight of tailings waste, percentage recycled	12,627,995 tonnes 17% of total waste was recycled and it is disclosed without breakdown into tailings waste and mineral processing waste.	3
	EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled	169,287,548 tonnes 17% of total waste was recycled and it is disclosed without breakdown into tailings waste and mineral processing waste.	3
	EM-MM-150a.3	Number of tailings impoundments, broken down by MSHA hazard potential	8 operating tailing dams (technical closure works began at Albazino TSF-1 in 2020). According to the new Global Tailings Standard, all our tailing dams are classified as class 4 on a scale of 1 to 5 (where 1 = non-hazardous, 5 = extremely hazardous). For details on hazard categorisation of these facilities, see full disclosure on our TSF management at https://www.polymetalinternational.com/en/sustainability/environment/#waste	3

SASB Content Index continued

Topic	SASB code	Accounting metric	Data and references	Scope and comments
Biodiversity Impacts	EM-MM-160a.1	Description of environmental management policies and practices for active sites	Our approach, p.55–56	3
	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is:		3
		(1) predicted to occur	16% of total ore processed (Dukat mine)	3
		(2) actively mitigated	16% of total ore processed (Dukat mine)	3
	EM-MM-160a.3	(3) under treatment or remediation	16% of total ore processed (Dukat mine)	3
		Percentage of:		
(1) proved reserves in or near sites with protected conservation status or endangered species habitat	8% of proved reserved (includes reserves in or one kilometer away from protected conservation status or endangered species habitat)	3, excluding GRK Amikan LLC		
(2) probable reserves in or near sites with protected conservation status or endangered species habitat	35% of probable reserves (includes reserves in or one kilometer away from protected conservation status or endangered species habitat)	3, excluding GRK Amikan LLC		
Security, Human Rights & Rights of Indigenous Peoples	EM-MM-210a.1	Percentage of:		3
		(1) proved reserves in or near areas of conflict	0% (see Communities in Our material issues table on p.25)	3
		(2) probable reserves in or near areas of conflict	0% (see Communities in Our material issues table on p.25)	3
	EM-MM-210a.2	Percentage of:		3
		(1) proved reserves in or near indigenous land	5% (our Omolon operation is situated near a territory of traditional nature use, where we pay increased environmental fees to compensate indigenous communities)	3
		(2) probable reserves in or near indigenous land	1% (our Omolon operation is situated near a territory of traditional nature use, where we pay increased environmental fees to compensate indigenous communities)	3
EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Human rights, p.63 Community engagement, p.62	1	
Community Relations	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Human rights, p.63 Community engagement, p.62	1
	EM-MM-210b.2	Number and duration of non-technical delays	Zero	1
Labor Relations	EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by US and foreign employees	83% of all employees and 100% of operating site staff are covered by collective bargaining agreements 97% of employees reside in country of operation	2
	EM-MM-310a.2	Number and duration of strikes and lockouts	Zero	1

Topic	SASB code	Accounting metric	Data and references	Scope and comments
Workforce Health & Safety	EM-MM-320a.1	(1) MSHA all-incidence rate	LTIFR (employees): 0.12 LTIFR (contractors): 0.24	4
		(2) fatality rate	Fatalities (employees): 0 Fatalities (contractors): 0	4
		(3) near miss frequency rate (NMFR)	Near-misses (employees): 3,653	4
		Average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees	2,904 employees attended health and safety training. Each contractor working at any of Polymetal's sites is required to undergo safety training before starting work.	2
Business Ethics & Transparency	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	Anti-corruption, p.68	1
	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Zero	1
Activity Metric	EM-MM-000.A	Production of:		1
		(1) metal ores	Ore processed: 15.4 Mt	1
		(2) finished metal products	Gold: 1,402 Koz Silver: 18.8 Moz Total production (gold equivalent ¹): 1,559 Koz	1
Activity Metric	EM-MM-000.B	Total number of employees, percentage contractors	Average headcount of employees: 12,065 Average headcount of contractors: 5,277	2

¹ Based on a 120:1 Au/Ag conversion ratio (prior to Q2 2020, Polymetal used an 80:1 Au/Ag ratio) and excluding base metals (which were previously included). Historical comparative data restated accordingly.

GRI Content Index

Standard	Disclosure number	Disclosure titles	References and data	Scope
GRI 102: General Disclosures (2016)				
Economic				
	GRI 102-1	The name of the organisation	Cover	1
	GRI 102-2	Activities, brands, products, and services	p.4-5, 8-9	1
	GRI 102-3	Location of headquarters	p.6-7	1
	GRI 102-4	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	p.6-7	1
	GRI 102-5	Ownership and legal form	Annual Report 2020	1
	GRI 102-6	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	p.8-9, 69	1
	GRI 102-7	Scale of the organisation	p.4-7	2
	GRI 102-8	Information on employees and other workers	p.6-7, 32-37, 74	2
	GRI 102-9	Supply chain	p.8-9, 66-69	1
	GRI 102-10	Significant changes to the organization and its supply chain	p.2-3, 12-13, 26-27, Annual Report 2020	1
	GRI 102-11	Precautionary Principle or approach	p.10-11, https://www.polymetalinternational.com/	1
	GRI 102-12	External initiatives	p.2-3, 26-27, 29, 33, 39, 47, 51, 55, 59, 67	1
	GRI 102-13	Membership of associations	p.2-3, 19, 26-27, 29, 33, 39, 47, 51, 55, 59, 65, 67	1
Strategy and analysis				
	GRI 102-14	Statement from senior decision-maker	p.2-3	1
	GRI 102-15	Key impacts, risks, and opportunities	p.11, 16-20	1
Ethics and integrity				
	GRI 102-16	Organization's values, principles, standards, and norms of behaviour	Annual Report 2020 (p.111)	1
	GRI 102-17	Mechanisms for advice and concerns about ethics	p.36, 68	1

Standard	Disclosure number	Disclosure titles	References and data	Scope
Governance				
	GRI 102-18	Governance structure	p.14-15	1
	GRI 102-19	Delegating authority	p.12-15	1
	GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	p.13, 15	1
	GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	p.22-23	1
	GRI 102-22	Composition of the highest governance body and its committees	p.14-15	1
	GRI 102-23	Chair of the highest governance body	p.14-15	1
	GRI 102-24	Nominating and selecting the highest governance body	Annual Report 2020	1
	GRI 102-25	Conflict of Interest	Annual Report 2020	1
	GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	p.14-15	1
	GRI 102-27	Collective knowledge of highest governance body	Annual Report 2020	1
	GRI 102-28	Evaluating the highest governance body's performance	Annual Report 2020	1
	GRI 102-29	Identifying and managing economic, environmental, and social impacts	p.11, 16-23	1
	GRI 102-30	Effectiveness of risk management processes	p.16-20	1
	GRI 102-31	Review of economic, environmental, and social topics	p.12-14	1
	GRI 102-32	Highest governance body's role in sustainability reporting	p.14-15	1
	GRI 102-33	Communicating critical concerns	p.23, 36, 62, 68	1
	GRI 102-34	Nature and total number of critical concerns	p.36, 62, 68	1
	GRI 102-35	Remuneration policies	Annual report 2020, Remuneration policy report, https://www.polymetalinternational.com	1
	GRI 102-36	Process for determining remuneration	Annual Report 2020	1
	GRI 102-37	Stakeholders' involvement in remuneration	Annual Report 2020	1
	GRI 102-38	Annual total compensation ratio	Annual Report 2020 (p.147)	1
				Without breakdown by countries
	GRI 102-39	Percentage increase in annual total compensation ratio	Annual Report 2020 (p.140)	1
Stakeholder engagement				
	GRI 102-40	List of stakeholder groups	p.22-23	1
	GRI 102-41	Collective bargaining agreements	p.36	2
	GRI 102-42	Identifying and selecting stakeholders	p.22-23	1
	GRI 102-43	Approach to stakeholder engagement	p.22-23, 62	1
	GRI 102-44	Key topics and concerns raised	p.23, 62	1

GRI Content Index continued

Standard	Disclosure number	Disclosure titles	References and data	Scope
Identified Material Aspects and Boundaries				
	GRI 102-45	Entities included in the consolidated financial statements	Annual Report 2020	1
	GRI 102-46	Defining report content and topic Boundaries	p.1, 22-25	1
	GRI 102-47	List of material topics	p.24-25	1
	GRI 102-48	Restatements of information	In footnotes	1
	GRI 102-49	Changes in reporting	In footnotes	1
Report profile				
	GRI 102-50	Reporting period	p.1	1
	GRI 102-51	Date of most recent report	March 2020 for FY 2019	1
	GRI 102-52	Reporting cycle	Annual reporting cycle	1
	GRI 102-53	Contact point for questions regarding the report	p.1, https://www.polymetalinternational.com/en/contacts/	1
	GRI 102-54	Accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option	1
	GRI 102-55	Content index	p.1	1
	GRI 102-56	External assurance	p.70-71	1
Management approach				
	GRI 103-1	Report the material aspect boundary within the organisation	p.24-25, 93	1
	GRI 103-2	The management approach and its components	In each "Material issues section of the Sustainability report	1
	GRI 103-3	Evaluation of the management approach	p.5, 24-25	1
Specific standard disclosures				
Economic				
GRI 201: Economic Performance (2016)	GRI 201-1	Direct economic value generated and distributed	p.72	1
	GRI 201-2	Financial implications and other risks and opportunities due to climate change	p.39-42	1
	GRI 201-3	Defined benefit plan obligations and other retirement plans	p.34	1
	GRI 201-4	Financial assistance received from government	p.65	1
GRI 202: Market Presence (2016)	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	p.34	2, excluding Krasnoturinsk-Polymetal LLC, Maminskaya Mining Company LLC, GRK Amikan LLC, Semchenskoye Zoloto LLC, Primorskoye LLC, Kutyn Mining and Geological Company LLC, Pacific hydrometallurgical plant LLC
	GRI 202-2	Proportion of senior management hired from the local community	Proportion of managers of local nationality – 95% for male and 98% for female	2
GRI 203: Indirect Economic Impacts (2016)	GRI 203-1	Infrastructure investments and services supported	p.60-61	1
GRI 204: Procurement Practices (2016)	GRI 204-1	Proportion of spending on local suppliers	p.68	3, excluding GRK Amikan LLC

Standard	Disclosure number	Disclosure titles	References and data	Scope
GRI 205: Anti-Corruption (2016)	GRI 205-1	Operations assessed for risks related to corruption	We have zero tolerance to corruption risks, operate a Hot line for reporting corruption concerns and assess all suppliers for anti-corruption principles (see p.68 of this report, p.87, 121 of our Annual Report 2020 and our Anti-Bribery and Corruption Policy)	1
	GRI 205-2	Communication and training on anti-corruption policies and procedures	p.68	1
	GRI 205-3	Confirmed incidents of corruption and actions taken	p.68, 82	1
GRI 206: Anti-competitive Behavior (2016)	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Zero	1
GRI 207: Tax (2019)	GRI 207-1	Approach to tax	p.65, Group Tax Strategy at https://www.polymetalinternational.com/	1
	GRI 207-2	Tax governance, control, and risk management	p.19-20, 65, Group Tax Strategy, Annual Report 2020 (independent auditor's report at p.156-165)	1
	GRI 207-3	Stakeholder engagement and management of concerns related to tax	p.22-23, 68	1
	GRI 207-4	Country-by-country reporting	Operating review and Consolidated financial statements in our Annual Report 2020	1, reporting requirements b.iv-b.ix disclosed on Group consolidated level
Environment				
GRI 301: Materials (2016)	GRI 301-1	Materials used by weight or volume	p.80	4, excluding Prognoz Serebro LLC
	GRI 301-2	Recycled input materials used	p.52	4, excluding Prognoz Serebro LLC
GRI 302: Energy (2016)	GRI 302-1	Energy consumption within the organization	p.42-43	4, excluding Prognoz Serebro LLC
	GRI 302-3	Energy intensity	p.42	4, excluding Prognoz Serebro LLC
	GRI 302-4	Reduction of energy consumption	p.42-43	4, excluding Prognoz Serebro LLC
GRI 303: Water (2018)	GRI 303-1	Interactions with water as a shared resource	p.46-49	3
	GRI 303-2	Management of water discharge-related impacts	p.48	3
	GRI 303-3	Water withdrawal	p.49, 77-78	3
	GRI 303-4	Water discharge	p.49, 77-78	3
	GRI 303-5	Water consumption	p.49, 77-78	3

GRI Content Index continued

Standard	Disclosure number	Disclosure titles	References and data	Scope
GRI 304: Biodiversity (2016)	GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p.55-57, 80	3, excluding Amikan
	GRI 304-2	Significant impacts of activities, products, and services on biodiversity	p.55-57, 80	3
	GRI 304-3	Habitats protected or restored	p.55-57, 80	3
	GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	p.57	3
	G4-MM1	Amount of land disturbed or rehabilitated	p.81	3, excluding Amikan
GRI 305: Emissions (2016)	GRI 305-1	Direct (Scope 1) GHG emissions	p.42, 75-76	4
	GRI 305-2	Energy indirect (Scoup 2) GHG emissions	p.42, 75-76	4
	GRI 305-3	Other indirect (Scope 3) GHG emissions	p.42, 75	4
	GRI 305-4	GHG emissions intensity	p.42, 75	4
	GRI 305-5	Reduction of GHG emissions	p.42, 75	4
	GRI 305-6	Emissions of ozone-depleting substances (ODS)	Zero (p.80)	3
	GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p.80	3
GRI 306: Waste (2020)	GRI 306-1	Waste generation and significant waste-related impacts	p.50-53	3
	GRI 306-2	Management of significant waste-related impacts	p.50-53	3
	GRI 306-3	Waste generated	p.79	3
	GRI 306-4	Waste diverted from disposal	p.79	3
	GRI 306-5	Waste directed to disposal	p.79	3
	G4-MM3	Total amounts of overburden, rock, tailings, and sludges	p.53, 79	3
GRI 307: Environmental compliance (2016)	GRI 307-1	Non-compliance with environmental laws and regulations	p.51, 82	3
GRI 308: Supplier Environmental Assessment (2016)	GRI 308-1	New suppliers that were screened using environmental criteria	p.68 (all environmental audits of suppliers are disclosed)	3
	GRI 308-2	Negative environmental impacts in the supply chain and actions taken	p.68	3
Social				
GRI 401: Employment (2016)	GRI 401-1	New employee hires and employee turnover	p.37, 74	2
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.34	2
	GRI 401-3	Parental leave	p.74	2
Labour/ Management Relations (2016)	G4-MM4	Number of strikes and lock-outs exceeding one week's duration	Zero reportable strikes and lock-outs	1
GRI 402: Labor/ Management Relations (2016)	GRI 402-1	Minimum notice periods regarding operational changes	Employment and Labour Corporate Standard	1

Standard	Disclosure number	Disclosure titles	References and data	Scope
GRI 403: Occupational Health and Safety (2018)	GRI 403-1	Occupational health and safety management system	p.29-30	4
	GRI 403-2	Hazard identification, risk assessment, and incident investigation	p.30	4
	GRI 403-3	Occupational health services	p.31	1
	GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	p.30, 31	1
	GRI 403-5	Worker training on occupational health and safety	p.30, 31	2
	GRI 403-6	Promotion of worker health	p.31	1
	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.29-31	1
	GRI 403-8	Workers covered by an occupational health and safety management system	p.30	4 Disclosure without a number and percentage of workers whose work is controlled by the organisation, who are covered by occupational health and safety management system
	GRI 403-9	Work-related injuries	p.31, 73	4
	GRI 403-10	Work-related ill health	p.31, 73	4
GRI 404: Training and Education (2016)	GRI 404-1	Average hours of training per year per employee	p.75	2
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	p.34-36	1
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	3% (read more on Talent Pool at p.34)	1
GRI 405: Diversity and Equal Opportunity (2016)	GRI 405-1	Diversity of governance bodies and employees	p.35	2
	GRI 405-2	Ratio of basic salary and remuneration of women to men	p.74	2, excluding Krasnoturinsk-Polymetal LLC, Maminskaya Mining Company LLC, GRK Amikan LLC, Semchenskoye Zoloto LLC, Primorskoye LLC, Kutyn Mining and Geological Company LLC, Pacific hydrometallurgical plant LLC
GRI 406: Non-discrimination (2016)	GRI 406-1	Incidents of discrimination and corrective actions taken	Zero incidents	1
GRI 407: Freedom of Association and Collective Bargaining (2016)	GRI 407-1	Freedom of association and collective bargaining	p.36	1
GRI 408: Child Labor (2016)	GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Zero operations and suppliers	1
GRI 409: Forced or Compulsory Labor (2016)	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Zero operations and suppliers	1
GRI 410: Security Practices (2016)	GRI 410-1	Security personnel trained in human rights policies or procedures	All security personnel is outsourced and receives training on the human rights principles under relevant national regulation.	1

GRI Content Index continued

Standard	Disclosure number	Disclosure titles	References and data	Scope
GRI 411: Rights of Indigenous Peoples (2016)	GRI 411-1	Incidents of violations involving rights of indigenous peoples	Zero (p.63)	1
GRI 412: Human rights (2016)	GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	100% of operating mines, Polymetal offices and two development projects (latest human rights review held in 2019)	1
	GRI 412-2	Employee training on human rights policies or procedures	p.63 (reporting requirement «a» disclosed on Group consolidated level)	1
	GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	100% of agreements with business partners include human rights clauses	1
Local Communities (2016)	G4-MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories and formal agreements made	p.56, 62	1
GRI 413: Local Communities (2016)	GRI 413-1	Operations with implemented local community engagement, impact assessments, and development programs	p.6-7, 60-61	1
	GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Zero operations	1
Human rights assessment	G4-MM9	Sites where resettlement took place, the number of households resettled in each, and how their livelihoods were affected in the process.	No resettlement took place in 2020	1
Closure Planning	G4-MM10	Number and percentage of operations with closure plans	100% of operating mines	1
GRI 415: Public Policy (2016)	GRI 415-1	Political contributions	Zero	1
GRI 418: Customer Privacy (2016)	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero (p.69)	1
GRI 419: Socio-economic Compliance (2016)	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	p.82	1

Other information

Reportable segment	Company name	Scopes			
		1	2	3	4
Polymetal offices	Polymetal Management JSC				
	Polymetal Engineering JSC				
	Polymetal Trading Ltd				
	Industria LLC				
	Polymetal Eurasia LLC				
Voro	Gold of Northern Urals JSC				
	Krasnoturinsk-Polymetal LLC				
Svetloe	Svetloye LLC				
Varvara	Varvarinskoye JSC				
	Komarovskoye Mining LLC				
	Maminskaya Mining Company LLC				
	Kostanay Exploration Company LLC				
Kyzyl	Bakyrchik Mining Venture LLC				
	Inter Gold Capital LLC				
Nezhda	JSC SVMC				
Veduga	GRK Amikan LLC				
Prognoz	Prognoz Serebro LLC				
Viksha	Semchenskoye Zoloto LLC				
Dukat	Magadan Silver JSC				
	Primorskoye LLC				
Omolon	Omolon Gold Mining Company LLC				
Albazino	Albazino Resources Ltd				
	Kutyn Mining and Geological Company LLC				
Mayskoye	Mayskoye Gold Mining Company LLC				
Amursk POX	Amur Hydrometallurgical Plant LLC				
	Padalinskoe LLC				
	Pacific hydrometallurgical plant LLC				
Standalone exploration	Primorskaya Mining and Exploration Company LLC*				

*Sold in June 2020.

Abbreviations

CIS	Commonwealth of Independent States
GE	gold equivalent
GHG	greenhouse gas
IMN	Indigenous Minorities of the North
NGO	non-governmental organisation
POX	pressure oxidation

Units of measurement

CO ₂ e	CO ₂ equivalent
GJ	gigajoules (one billion joules)
TJ	terajoules (one trillion joules)
g/t	gram per tonne
km	kilometres
Koz	thousand ounces
Kt	thousand tonnes
m	metres
Moz	million ounces
mt	million tonnes
MWh	megawatt-hour
Oz or oz	troy ounce (31.1035 g)
t	tonne (1,000 kg)

Polymetal International plc

44 Esplanade
St Helier
Jersey JE4 9WG
Channel Islands
Registered No. 106196

www.polymetalinternational.com