

Polymetal's modern slavery act transparency statement

Introduction

This statement was produced in accordance with the Modern Slavery Act of 2015. At Polymetal, Human Rights are an integral part of our business. We have a zero-tolerance approach to slavery and human trafficking. Our Human Rights Policy outlines our support for the elimination of all forms of child, forced and compulsory labour, and recognises the freedom of association and freedom of expression as well as the respect of human dignity.

Polymetal, as an international mining company, is contributing to the global community efforts in tackling slavery issues. We recognize that mining operations can affect human rights and apply a comprehensive approach to deal with risks at all of our operations.

Polymetal's overview

Polymetal is a leading precious metals producer with a portfolio comprising of 9 producing gold and silver mines and several development projects across Russia and Kazakhstan. We are a dynamic and progressive company with a simple objective – to deliver sustainable value to all of our stakeholders. We intend to achieve this through the commitment to our strategy, business model and a culture of excellence throughout our operations.

Our business model is based on a holistic approach to building a sustainable future for all of our stakeholders: investing in the skills and expertise that support our key competencies and delivering throughout the operation cycle. This approach is reinforced by our commitment to high standards of human rights policies, corporate governance, corporate responsibility and sustainable development.

Approach to modern slavery

Polymetal's approach to human rights is aligned with the universal principles on human rights and we have developed a range of policies and procedures that include the prohibition of the use of any forced labour. The principals of recognizing diversity and human dignity are embedded in the Code of Conduct, the Human Rights Policy, the Supplier Code of Conduct, the Policy on Diversification of the Staff Structure and other internal regulatory documentation.

Our main policy in relation to slavery and human trafficking is our Human Rights policy, which sets out a zero-tolerance approach to the use of the forced labour by Polymetal and any of our contractors and suppliers. It serves as the cornerstone of our human rights work and establishes a clear foundation for managing our business in accordance with overarching global principles as set forth in the following standards:

- Universal Declaration on Human Rights;
- International Covenant on Civil and Political Rights;
- International Covenant on Economic, Social and Cultural Rights;
- The United Nations Guiding Principles on Business and Human Rights;
- The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work;
- The United Nations Declaration on the Rights of Indigenous Peoples;
- UN Global Compact.

In 2018, we updated our Human Rights Policy to reflect Polymetal's commitment to Human Rights as well as developed a Supplier Code of Conduct that each supplier must abide by as a condition of working in partnership or otherwise with Polymetal. The Code encompasses the 10 principles of the UN Global Compact, including in regard to forced and compulsory labour.

Likewise, Polymetal has adopted a Labour standard which reaffirms our prohibition of forced and compulsory labour. The Standard covers our employees, as well as the third parties with whom we do business. Similarly, Polymetal's Human Rights Policy expressly states that we support the elimination of all forms of child, forced and compulsory labour.

Our policies can be found in full on Polymetal's website.

Supply chain overview

Our suppliers and contractors make a significant contribution to our business. We build stable, long-term relationships with them, enabling us to achieve mutually beneficial terms of contract and uninterrupted supply. In collaboration with our contract partners, we work to ensure compliance with human rights, environmental and safety standards across the Polymetal supply chain. In our supply chain management, we ensure that our procedures are transparent, conditions are competitive, partnerships are fair, goods and services are delivered on time, suppliers are reliable, and all parties are in full compliance with applicable regulations.

We encourage our suppliers, contractors and clients (off-takers) to improve their anti-slavery practices by implementing our Suppliers Code of Conduct and requiring their commitment as a part of agreements. We have added clauses to our contracts with them, which are dedicated to modern slavery reporting and labour law compliance. As per our policy, we expect them to respect human rights and not to employ any forced labour.

Wherever we can, we engage local and regional suppliers, helping to stimulate regional and national supply chains and economies. On average, around 49% of our supplier purchases in Russia come from the regions where we operate. We have maintained this rate for the past eight consecutive years. In Kazakhstan local suppliers represent 87% of our procurement portfolio.

Due diligence processes

We continue to work towards the implementation of the Human Rights Policy throughout Polymetal's operations and continually monitor and evaluate evolving human rights conditions in the jurisdictions in which Polymetal operates and update guiding principles to reflect this.

In our procurement strategy, we commit to long-term planning and transparency and select our partners in an open tender process. We use scorecards for supplier assessment. Furthermore, we conduct selective audits to ensure that we work only with ethical suppliers and require them to fit into our corporate governance principles or anti-corruption policies.

Every year, we audit around 3,000-5,000 companies (potential contractors) and reject partnerships with some of them when they do not fit our principles of corporate governance and corruption policies. In addition to this, we undertake thorough legal compliance checks and always request references list from their clients.

Risks assessment and effectiveness

We aim to minimize potential adverse human right impacts linked in any form to our business operations. Human rights impacts are integrated in our risk assessment procedures. We recognize the importance of recurrently identifying, analysing and assessing potential risks of violations of human rights and developing timely responses prior to the occurrence of an adverse impact.

Suppliers, employees and off-takers are expected to report slavery or trafficking issues of which they become aware. Under our Human Rights Policy, we provide adequate grievance mechanisms, which include anonymous reporting to receive, assess and respond to any complaints or queries from any stakeholder without any prejudice to the aggrieved person(s). Where a human rights violation is detected, which may include suspicion of slavery or human trafficking, Polymetal will work to provide appropriate remedies for negative business-related human rights impacts and take measures to ensure the mechanism's effectiveness and continual improvement.

One of our assessments is informing our stakeholders regarding performance related to human rights protection through annual sustainability reporting processes and other engagement channels, such as:

- Hotlines, website, feedback boxes and grievance mechanisms
- Employee and community opinion polls and questionnaires
- Workers' councils
- Meetings and annual conference calls with management, the Group CEO and the Board of Directors
- Performance reviews meetings with communities

In 2019, we plan to conduct an internal company-wide assessment of human rights risks to identify the issues that require most attention. We have already defined the main areas where the human rights risks are most likely to occur in our industry and ensure there are no high risks at our sites. The company-wide risk assessment will also

allow us to communicate our zero tolerance to slavery or any human dignity violation to internal stakeholders across our operation sites.

Training

Each employee is guided by our Code of Conduct and Human Rights Policy, where it clearly states of strict prohibition of use of any forced labour. Our corporate standards apply rigorously to all of our employees and secure recognition and observance by every individual within the company in respect of fellow employees.

We communicate the Policy and Codes to all stakeholders and encourage Human Rights awareness training for all staff. All of our employees receive Code of Conduct training at induction. Certain employees, whose roles have the greatest potential to impact human rights, including all security personnel, receive annual refresher training.

In 2018, following the development of our human rights risk assessment, we began providing on-site training to a focus group of managers training on human rights risk identification in the context of the mining industry. We have also developed in-house online training which will be provided to focus group employees at all operating sites, enabling them to identify human rights violations and risks.

Moving forward

We will continue overseeing the Policy's implementation, reviewing the assessment reports on potential human rights issues, and advising on measures to avoid infringing of human rights. As a further step, we also plan to provide human rights training to our contractors and suppliers across all operations.

Approved by the Board of Directors of
Polymetal International Plc