

Climate reporting



March 2020

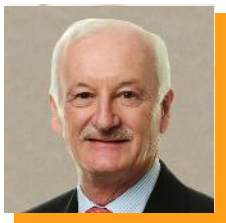
POLYMETAL TODAY

- 9 OPERATIONS ACROSS 2 COUNTRIES
- 2nd LARGEST GOLD PRODUCER IN RUSSIA
- FTSE 100 & MSCI CONSTITUENT



THE UK HIGHEST STANDARDS OF CORPORATE GOVERNANCE

CHAIR



**IAN
COCKERILL**

Chair

Non-Executive Director at BHP, Ex-President and CEO of Gold Fields, ex-CEO of AngloCoal

INDEPENDENT DIRECTORS



**OLLIE
OLIVEIRA
SINED**

Chair of the Nomination Committee, Chairman of Audit Committee at Antofagasta plc, ex-Executive Director at De Beers



**TRACEY
KERR
INED**

Chair of the Safety & Sustainability Committee, Group Head of Safety and Sustainable Department in Anglo American plc



**GIACOMO
BAIZINI
INED**

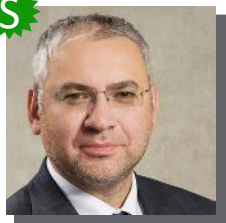
Chair of the Audit and Risk Committee and ex-CFO of EVRAZ Group S.A.



**CHRISTINE
COIGNARD
INED**

Chair of the Remuneration Committee, NED at Eramet, ex-MD HCF International Advisors

NON-INDEPENDENT DIRECTORS



**VITALY
NESIS**

Group CEO



**KONSTANTIN
YANAKOV**

ICT Group Ltd
ex-CFO of Polymetal



**JEAN-PASCAL
DUVIEUSART**

PPF Group
ex-Managing Partner
at McKinsey

SAFETY AND SUSTAINABILITY COMMITTEE

- ▶ Established in 2015
- ▶ Committee focuses on three main areas:
Safety, Sustainability and Ethical Conduct

INCENTIVES

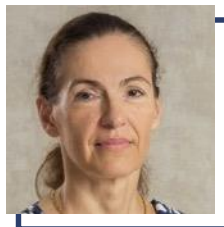
- ▶ 25% - safety and sustainability KPI in annual bonus for senior management

BOARD RENEWAL

DIRECTORS THAT WILL NOT BE STANDING FOR RE-ELECTION



**JEAN-PASCAL
DUVIEUSART**
NED since 2011
PPF Group



CHRISTINE COIGNARD
INED since 2014
Chair of the
Remuneration
Committee

JOINING DIRECTORS



ANDREA ABT
INED since Mar. 2020
ex. Chief Procurement
Officer at Siemens AG
NED at John Laing Group,
Petrofac Ltd. and
Gerresheimer AG



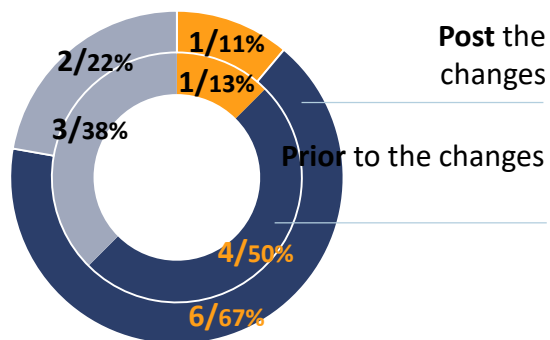
VICTOR FLORES
INED since Jan. 2020
Director of Strategic
Projects, Orion Resource
Partners (USA) Inc



ITALIA BONINELLI
INED since Dec. 2019
Ex-Executive VP for
Organizational
Development at AngloGold
Ashanti

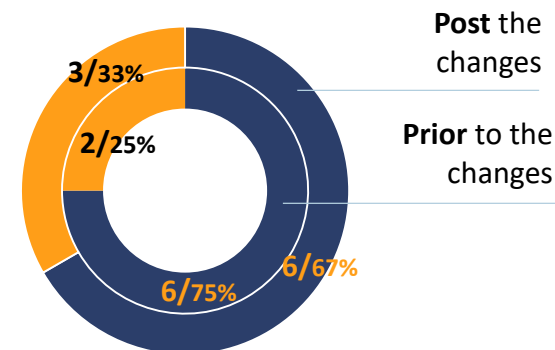
BOARD INDEPENDENCE

- Chair
- Independent directors
- Non-independent directors



BOARD DIVERSITY

- Men
- Women



Total – 9 directors

SUSTAINABILITY PERFORMANCE

GHG INTENSITY

(t of CO₂e per Kt of ore processed)

75.1 t/Kt

-1% y-o-y

ENERGY INTENSITY

(GJ per Koz of GE produced)

4,229 GJ/Koz

-1% y-o-y

FRESH WATER CONSUMPTION

4,919 th. m³

-26% y-o-y

WATER RECYCLED AND REUSED

87%

+5 pps y-o-y

DRY STACKING OF TAILINGS

10%

At Amursk POX and Voro

ESG KPI

(% of the CEO's KPI structure)

10%

Implemented in 2020

ENHANCED REPORTING TRANSPARENCY IN 2019:

- ▶ We published our first Tailings Storage Facilities (TSF) disclosure
- ▶ We assessed climate-related risks and Scope 3 emissions as well as implemented Climate Management System at all our sites

STRATEGIC OBJECTIVES

- ▶ Further decrease of GHG emissions and energy consumption, including low carbon technologies
- ▶ Continued reduction of fresh water use and increase of water recycling
- ▶ Further implementation of dry stack storage method across the Group (extension to Nezhda, Prognoz, POX-2 sites and Omolon)
- ▶ Increase share of renewables in energy mix

ESG LEADERSHIP

2019 highlights

RECOGNITION OF OUR EFFORTS TO DATE



- First and only Russian member



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



- 1st among 55 precious metals companies
- 100 percentile
- First sustainability-linked loan in CIS



- ESG score **B+**



- ESG score **C+**

11,616

EMPLOYEES

MAJOR
ENVIRON-
MENTAL
INCIDENTS

0

0.2

LTIFR
(2 FATALITIES)

COMMUNITY
INVESTMENTS

\$ **15m**

FEMALE
MANAGERS

22%

STAFF
TURNOVER

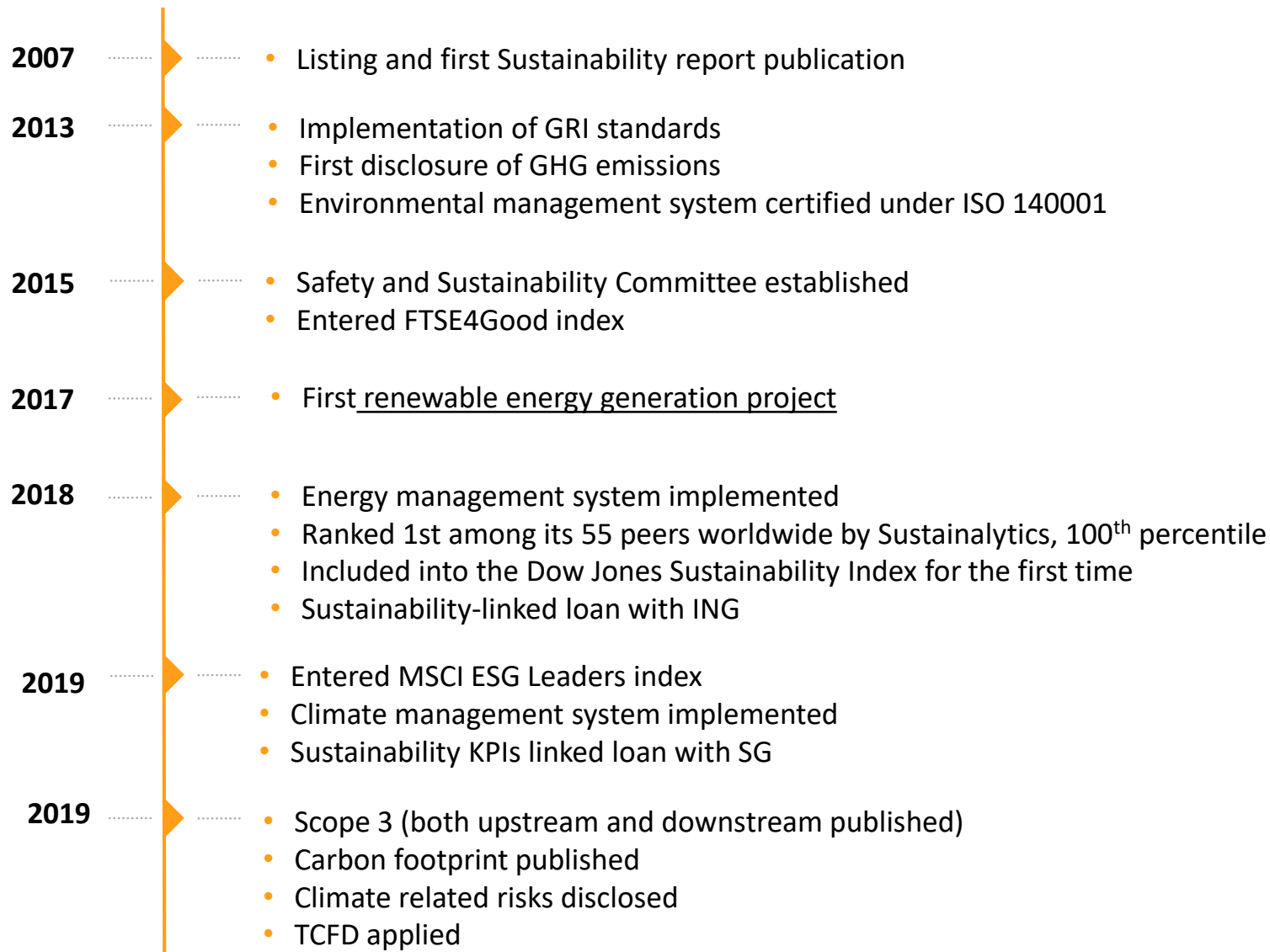
5.8%

STANDARDS

We engage with our stakeholders through a range of channels to assess materiality of our disclosures

Standard	Reporting status
GRI	<ul style="list-style-type: none">• Annual reporting since 2013• Data verified by PwC
SASB	<ul style="list-style-type: none">• Metals & Mining Sustainability Accounting used in SR 2019• Data verified by PwC
CDP	<ul style="list-style-type: none">• Climate Change annual response since 2015• Score 2019 - D
TCFD	<ul style="list-style-type: none">• Gap analysis of climate change disclosure in SR 2019

SUSTAINABILITY MILESTONES



FIRST IN RUSSIA SOLAR ENERGY AT THE MINE

WIND TURBINE AT UNCHI PORT



SOLAR POWER PLANT AT SVETLOYE

6 years pay back period



CLIMATE DISCLOSURE



TCFD DISCLOSURE

Governance

- ▶ **Board oversight** – we have updated TORs of Safety and Sustainability Committee
- ▶ **Management role** – we have linked their incentives to sustainability KPIs

Strategy

- ▶ **Resilience of strategy** – we adapt to be better prepared for future climate change impacts
- ▶ **Climate change mitigation** works to avoid the risks of changing climate by reducing the emission of GHGs – we implemented energy management and climate management systems
- ▶ **Climate change adaptation** works to manage risks caused by climate change already locked in and from the potential for more severe changes in the future

Risk management

- ▶ **Risks and opportunities** – we implemented new standard in 2019, assessment is ongoing, collaboration with Carbon Trust, climate risk to be integrated in overall risk management by 2021

Metrics and targets

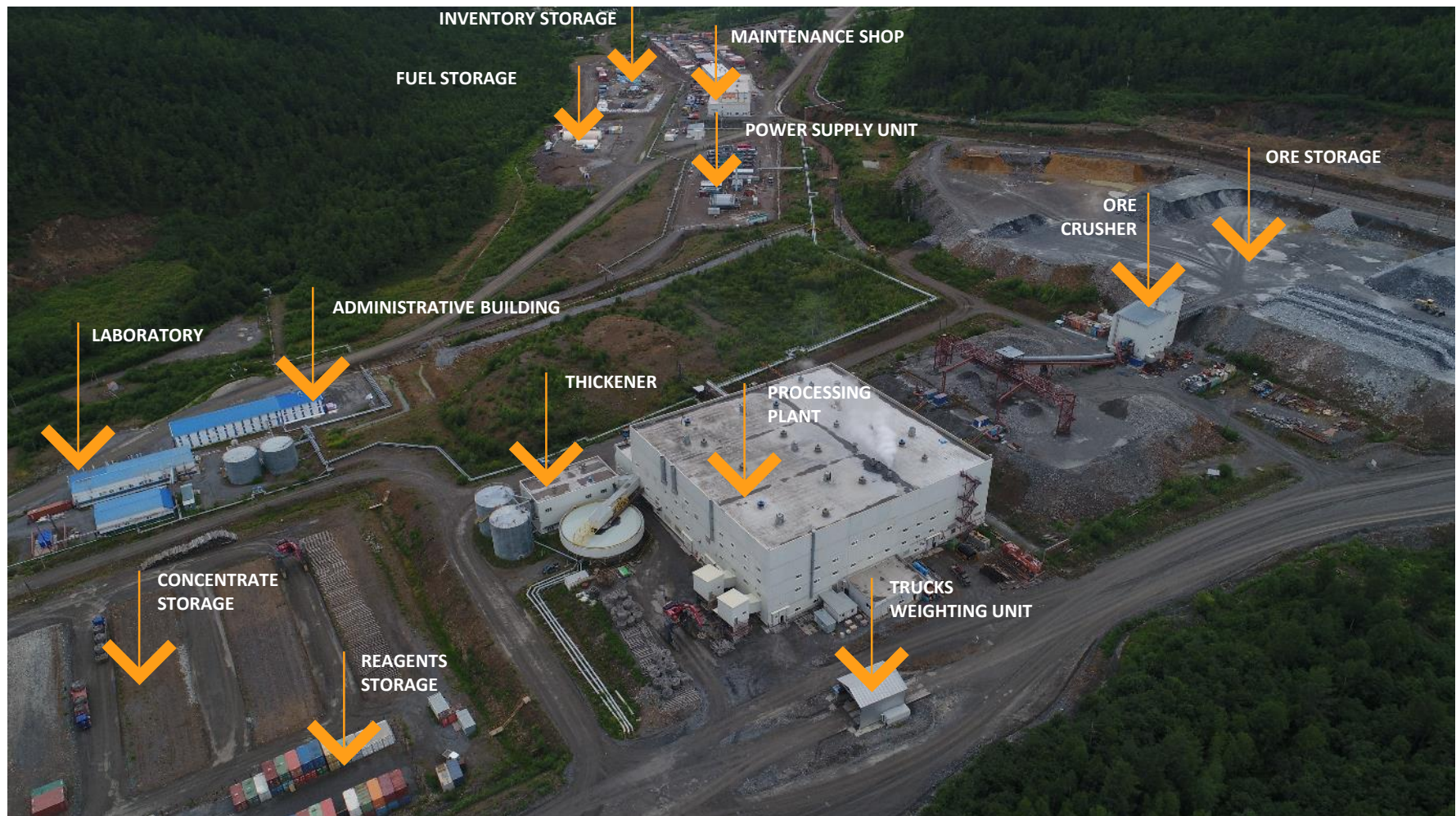
- ▶ We use **climate related metrics** since 2013
- ▶ We **calculate scope 1,2,3 emissions** and **estimate products carbon footprint** since 2019
- ▶ We set **climate-related targets** (energy efficiency and reduction case-by-case)

An aerial photograph of a large-scale open-pit mine. The mine is characterized by numerous terraced levels, or benches, which are visible as concentric, stepped patterns across the landscape. The rock faces of these benches show varying shades of brown, tan, and grey, indicating different geological strata. Winding roads, likely for heavy machinery, snake through the mine's interior and around its perimeter. In the lower portion of the image, there are several large, irregularly shaped pits or ponds, some of which contain water. The overall scene depicts a massive industrial excavation project in a mountainous region.

ALBAZINO CLIMATE PROJECT

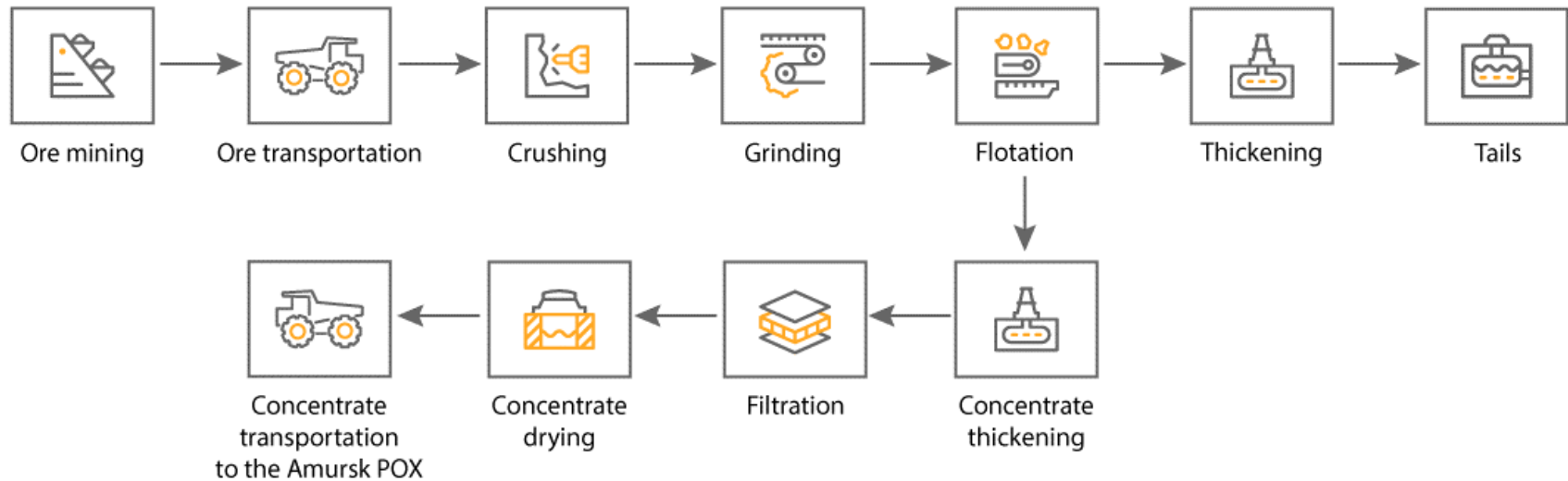
PRODUCTION SITE PLAN

Albazino processing plant



PROCESSING

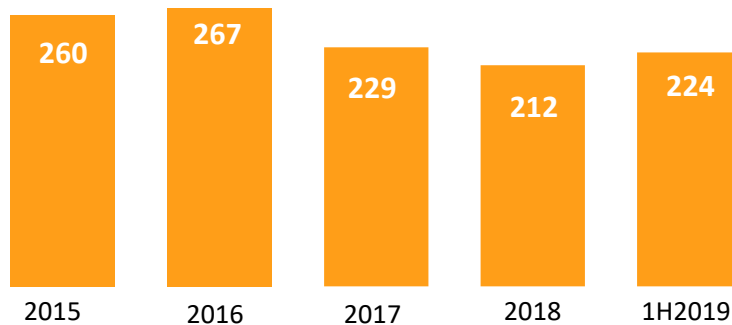
Flotation plant block flow diagram



EMISSIONS

- First mine site to participate in the piloting carbon footprint measurement, including Scope 3 emissions:
 - 509 tons of CO2 equivalent per Koz GE (with an industry average 840 tons of CO2 per Koz for refractory ore¹)

SCOPE 1+2 GHG EMISSIONS INTENSITY, GHG (t) per Koz GE



Notes:

1) "Science for Environment Policy": European Commission DG Environment News Alert Service, edited by SCU, The University of the West of England, Bristol.



SUSTAINABILITY LINKED FINANCE



SUSTAINABILITY-LINKED FINANCING

- 9% of our Net Debt (\$155m) is now linked to the sustainability performance, including:

 **\$80m facility, signed in Apr. 2018**

 **\$75m facility, signed in Sep. 2019**

- The margin linked to the Group's performance estimated by Sustainalytics (base score 77/100)
- September 2018 – 8% progress in Sustainalytics score to 85/100. Highest available discount in the interest rate achieved

- The margin linked to the 5 ESG KPIs:

Environmental

1. Implementing climate management system
2. Ensuring tailing dams safety
3. Reduction of fresh water use

Social

4. Occupational H&S maintenance
5. Support the local communities

 **\$140m financing at Kyzyl, 2017**

- Favourable terms based on a number of environmental and social programmes

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