

APPROVED
by the Board of Directors of
Polymetal International plc

Anti-Bribery and Corruption Policy

POLYMETAL GROUP

(as amended on 21 March 2018)

1. Purposes

The Policy reflects Polymetal International plc Group of companies (Polymetal, the Group)¹ and its managements' commitment to the highest ethical standards and principles of open and honest business as well as Polymetal's aspiration at promoting corporate governance and maintaining its reputation at the high level.

Polymetal sets the following purposes:

1. To minimise the risk that the Group, its management, employees and workers, regardless of their position, are involved in corruption activities.
2. To form consistent understanding of Policy of zero tolerance to corruption among our contractors, employees and other parties by stating that corruption of any kind is unacceptable.
3. To generalise and explain the main requirements of Anti-corruption laws in countries of Polymetal's operation that may be applied to management, employees and workers.
4. To engage the directors and Polymetal's managers at various levels, employees and workers in knowing and being committed to the principles and requirements of the Policy, key anti-corruptions provisions and relevant anti-corruption measures.

2. Policy statement

Polymetal is committed to ensuring adherence to the highest legal and ethical standards. This must be reflected in every aspect of the way in which the Group operates.

Bribery and corruption harms the societies in which these acts are committed and prevents economic growth and development. Bribery is a criminal offence in the countries in which Polymetal operates, and corrupt acts expose Polymetal and its employees to the risk of prosecution, fines and imprisonment, as well as endangering the Group's reputation.

The principles set out in this Policy extend across all of Polymetal's business dealings, all companies of Polymetal Group and in all countries and territories in which Polymetal operates and applies to employees as well as relevant business partners and, where applicable, other individuals and entities.

This Policy has been approved by the Board of Directors of Polymetal International plc and is to be communicated to everyone involved in the Group's business to ensure their commitment to it. For the purpose of realisation of the principles set out by the Policy in the countries of Polymetal's operation, Group's companies implement internal policies and procedures which regulate moral and ethical conduct of employees in accordance with the Policy and applicable laws.

The Board of Directors of Polymetal International plc attaches the utmost importance to this Policy and will apply a "zero tolerance" approach to acts of bribery and corruption by any of

¹ Polymetal International plc and all of its subsidiaries

our employees or by business partners working on behalf of Polymetal. Any payment, offer, authorisation of a bribe, receipt or acceptance of a bribe as well as payment, offer or promise to pay facilitating payment is prohibited. Any breach of this Policy will be regarded as a serious matter and is likely to result in disciplinary or other action.

In accordance with this Policy and with relevant laws and regulations, Polymetal shall:

- (a) not provide, solicit or accept payments, gifts or entertainment that constitute bribery, as defined herein;
- (b) implement systems and controls which will deter and minimise the risk of bribery;
- (c) make employees fully aware of its anti-bribery Policy and create an anti-bribery culture the central feature of which will be zero tolerance of bribery; and
- (d) provide appropriate mechanisms for employees to report suspected bribery or otherwise voice their concerns, and to protect those who do so.

Polymetal's employees who work in areas within our business identified as being particularly high risk will receive additional training and support in identifying and preventing corrupt activities.

3. Terms and definitions

Bribery and corruption has a range of definitions in law, but the fundamental principles apply universally.

Bribery is the offer, promise, giving, demanding or acceptance of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.

Bribes can take on many different shapes and forms, but typically they involve corrupt intent. There will usually be a '*quid pro quo*' – both parties will benefit. A bribe could be the:

- direct or indirect promise, offering, or authorisation, of rights or anything of value;
- offer or receipt of any kickback, loan, fee, reward or other advantage;
- giving of aid, donations or voting designed to exert improper influence.

Corruption is the misuse of public office or power for private gain; or misuse of private power in relation to business outside the realm of government.

Acts of bribery or corruption are designed to influence the individual in the performance of their duty and incline them to act dishonestly.

For the purposes of this Policy, whether the payee or recipient of the act of bribery or corruption works in the public or private sector is irrelevant.

Bribery and corrupt behaviour can be committed by:

- an employee, officer or director
- any person acting on behalf of Polymetal (e.g. our business partner)

- individuals and organisations where they authorise someone else to carry out these acts

The person being bribed is generally someone who will be able to obtain, retain or direct business. This may involve sales initiatives, such as tendering and contracting; or, it may simply involve the handling of administrative tasks such as licences, customs, taxes or import/export matters. It does not matter whether the act of bribery is committed before or after the tendering of a contract or the completion of administrative tasks.

Acts of bribery and corruption will commonly, but not always, involve public or government officials (or their close families and business associates).

For the purposes of this Policy, a **public or government official** could be anyone working in a legislative, administrative or judicial position or working for or on behalf of government-owned or controlled entities or agencies, political parties, party officials and political candidates or for a public international organisation whose members are either (1) countries or territories; (2) governments of countries or territories; or (3) other public international organisations. This definition may include consultants who hold government positions, employees of companies owned or controlled by governments, political party officials and others, or employees retained by government agencies. For the purposes of this Policy, this term will also cover immediate family members (parent, spouse, child, in-law, sibling) and anyone else to whom the public or government official provides material support.

Facilitating payment is a payment to a public or government official for a routine action in order to expedite performance of duties of non-discretionary nature, i.e. the payment which is not intended to influence the outcome of the official's action, only its timing.

As Polymetal prohibits both bribes and facilitating payments in this policy bribe and facilitating payment are jointly referred to as “bribe” or “bribery”, as the case may be.

Management means Group CEO of Polymetal International plc Group of companies, as well as all top managers of Polymetal Group who have authority to make or materially influence significant commercial, financial and personnel decisions. The business unit’s overall compliance with the principles of this Policy and relevant internal policies and procedures regulating employees conduct is the responsibility of the Management.

4. Legislation overview

Bribery is a criminal offence in all countries in which Polymetal operates, and penalties are severe.

In the UK the Bribery Act 2010 imposes a maximum penalty for bribery up to ten years imprisonment, with an unlimited fine.

Cyprus law (Criminal Code, The Prevention of Corruption Law), as well as Criminal Law Convention on Corruption ratified by Cyprus outlaws bribery in the public and private sector which are punishable on conviction with imprisonment for up to seven years and/or a heavy fines.

In addition, current US legislation (Foreign Corrupt Practices Act or FCPA) offers similar prohibitions and penalties and is enforced with vigour by the US authorities.

It is therefore in the interests of employees, as well as those of Polymetal, that employees act with propriety at all times. Corrupt acts committed abroad, including those by business partners working on behalf of the Group, may well result in a prosecution at home.

5. Risk assessment

5.1. Polymetal performs a regular and comprehensive assessment of the nature and extent of its corruption risks.

Risk identification pinpoints the specific areas in which we face bribery and corruption risks and allows us to better evaluate and mitigate these risks and thereby protect Polymetal. Business practices around the world can be deeply rooted in the attitudes, cultures and economic prosperity of a particular region – any of which can vary. Management must assess the vulnerability of each business unit to these risks on an ongoing basis, subject to review by the relevant security officials of each business unit of the Group.

It is important to note that risk assessment is intended to be an ongoing process with continuous communication between the Management and a relevant official responsible for security matters in each business unit of the Group.

5.2. Bribery and corruption risks typically fall within the following categories:

5.2.1. Use of Business Partners

The definition of a business partner is broad, and could include agents, distributors, representatives, joint venture partners or partners in Polymetal's supply chain who act on behalf of Polymetal.

Whilst the use of business partners can help Polymetal reach its commercial goals, these arrangements can potentially carry significant risks.

Risk can be identified where a business partner conducts activities on Polymetal's behalf, so that the result of their actions can be seen as benefiting Polymetal. Business partners who act on Polymetal's behalf must be advised of the existence of and operate at all times in accordance with this Policy.

If a potential business partner falls within a definition of Agent, Representative or Intermediary according to Polymetal's "Policy on use of agents, representatives, intermediaries and contractors' due diligence", a relevant transaction supervisor (as defined in 'Transactions approval and settlement' procedures) shall forward a request for a proper due diligence to the Security Department.

A request for due diligence shall be sent to the Security Department by the tender committee or by the management of LLC Polymetal Trading² for major suppliers and contractors, whose contracts, according to internal policies and procedures of the Group companies, require a tender or preparation of competitors charts.

² If applicable according to internal policies and procedures of the relevant business unit of the Group.

Following requests of authorised persons, Security Department conducts due diligence on business partners. Security Department is responsible for determining whether or not relationships with counterparts fall into high risk category.

Polymetal is ultimately responsible for ensuring that business partners who act on Polymetal's behalf are compliant with this Policy as well as any local laws. Ignorance or "turning a blind eye" is not an excuse. As the business partner evaluation process will vary by business unit and type of business partner, the Management where necessary should consult a relevant official responsible for security matters.

When considering offering to or accepting from an existing or prospective business partner any provision of goods or services employees must never use their position within Polymetal for improper personal or private gain for themselves, their families or other persons.

5.2.2 Gifts, Entertainment and Hospitality

Gifts, entertainment and hospitality include the receipt or offer of gifts, meals or tokens of appreciation and gratitude, or invitations to events, functions, or other social gatherings, in connection with matters related to Polymetal. These activities are acceptable provided they fall within reasonable bounds of value and occurrence.

In order to evaluate what is 'acceptable', first take a step back and ask yourself the following:

- What is the intent – is it to build a relationship or is it something else?
- How would this look if these details were on the front of a newspaper?
- What if the situation is reversed (for example when Polymetal's employee was not to give but to receive a present) – would there be a double standard?

If you find it difficult to answer one of the above questions, there may be risk involved, which could potentially damage Polymetal's reputation and business. The action could well be unlawful.

Although no two situations are the same, the following guidance should be considered globally:

Never acceptable:

Circumstances which are never permissible include examples that involve:

- A „quid pro quo" (offered for something in return);
- Gifts in the form of cash/or cash equivalent vouchers;
- Entertainment of a sexual or similarly inappropriate nature.

As a general rule, Polymetal employees and business partners should not provide gifts to or receive them from Public or government officials. You must seek prior approval of a relevant official as stated in internal policies and procedures of the business unit of the Group.

Receipt of communications on the Policy implementation in relation to Polymetal International plc as well as regarding its business operation is carried out at security@polymetalinternational.com.cy.

Usually acceptable:

Possible circumstances that are usually acceptable include:

- modest/occasional meals with someone with whom we do business;
- occasional attendance at ordinary sports, theatre and other cultural events;
- gifts of nominal value, such as pens, or small promotional items.

A variety of cultural factors such as customs, currency and expectations may influence the level of acceptability. If you feel uncertain at any time regarding cultural acceptability of gifts, entertainment or hospitality, please consult with the relevant official as stated in internal policies and procedures of the business unit of the Group. Receipt of communications on the Policy implementation in relation to Polymetal International plc as well as regarding its business operation is carried out at security@polymetalinternational.com.cy

Transparency is key

According to the internal policies and procedures of the business units of the Group on the employees conduct, a certain department of the respective business units will be required to maintain and monitor gifts, entertainment and hospitality register. Any form of gift, entertainment or hospitality given, received or offered, with the exceptions specified in the Group's "Gifts and Entertainment Policy", must be appropriately recorded in the register. In the event that an impermissible form of gift, entertainment or hospitality has been accepted, you must appropriately record the transaction within the register and contact a relevant official.

5.2.3 Facilitation Payments

In many countries, it is customary business practice to make payments or gifts of small value to junior government officials in order to speed up or facilitate a routine action or process. It may be that we need to obtain licenses or permits faster than the normal course; or we may need lawfully to import or export books or materials.

Despite this, facilitation payments as defined in the Policy are unacceptable as Polymetal considers them to be illegal in all the Group's jurisdictions of operation.

Polymetal follows the UK Bribery Act 2010 which makes no distinction between facilitation payments and bribes – regardless of size or local cultural expectations, even if that is "how business is done here".

However, in the event that a facilitation payment is being extorted, or if an employee is forced to pay under duress or faced with potential safety issues or harm, such a payment may be made, provided that certain steps are followed. If an employee is ever placed in such a situation, he or she must contact the relevant official as stated in internal policies and procedures of the business unit of the Group as soon as possible and record the payment appropriately within the unit's books and records to reflect the substance of the underlying transaction. If you are unsure whether certain payments which resemble the definition of facilitation payments are permissible, please contact the relevant official as stated in internal policies and procedures of the business unit of the Group..

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6. Accurate Books and Record-Keeping

Many serious global bribery and corruption offences have been found to involve some degree of inaccurate record-keeping. We must ensure that we maintain accurate books, records and financial reporting within all of the Group's business units and for significant business partners working on behalf of Polymetal. Books, records and overall financial reporting must also be transparent. That is, they must accurately reflect each of the underlying transactions. False, misleading or inaccurate records of any kind could potentially damage the Group.

Misstatement and forging of accounting records of the Group's business units is forbidden and shall be considered fraud. Such person may be subject to disciplinary action (including dismissal), as well as administrative action, civil penalties or criminal liability in accordance with the applicable laws Collective Agreement and other standard acts and labour contracts.

7. Effective Monitoring and Internal Control

Our businesses must all maintain an effective system of internal control and monitoring of our transactions. Once bribery and corruption risks have been identified and highlighted via the risk assessment process, procedures can be developed within a comprehensive control and monitoring programme in order to help mitigate these risks on an ongoing basis.

The Management must ensure effective risk assessment and implement the necessary steps to prevent bribery and corruption. As these steps will vary by geography and business unit of the Group, the unit's Management should consult with the relevant official as stated in internal policies and procedures of the business unit of the Group who will make available guidelines, principles and methodologies for the identification, mitigation and monitoring of these risks.

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8. Other policies

Management and employees of Polymetal should ensure that they read and comply at all times with Polymetal Group policies, procedures and guidelines in addition to this policy, including:

- Code of Conduct;
- Gifts and Entertainment Policy;
- Policy on use of agents, representatives, intermediaries and contractors' due diligence;
- Political and Charitable Donations Policy;
- Whistleblower Policy; and
- Policy on Disciplinary Action against Employees for Violations of Anti-Bribery and Corruption Policies and Procedures.

Management and employees must also ensure that they complete any anti-corruption training that they are required by the Polymetal, from time to time, to undertake.

The abovementioned documents are available on Polymetal International plc website. Internal policies and procedures of the business units of the Group that regulate employees' ethical conduct can be found on internal networks of the respective units and brought to the attention as well as made available to all of the related unit's employees. The policies can be also obtained by contacting a Security department of the Group's business unit.

9. Reporting

Polymetal states that no employee shall be subject to sanctions (dismissal, demotion or bonus decrease) if he/she reported a possible corruption incident or refused to give or take a bribe, commit a commercial bribery or act as an intermediary in bribery (offering, facilitating payment), including those cases when such refusal resulted in lost profits for Polymetal or its inability to obtain commercial or competitive advantages.

Employees must report immediately, in accordance with the Polymetal's Whistleblower Policy, when they:

- (a) uncover an instance of bribery; or
- (b) suspect that a bribe has been, or is in the process of being, paid or received or merely discussed; or
- (c) receive or otherwise become aware of information which suggests that a bribe is in the process of being paid or received or merely discussed.

Equally, employees must make a report when they:

- (a) suspect that a breach of anti-corruption policies and procedures has occurred; or

(b) receive or otherwise become aware of information which suggests that a related breach of anti-corruption policies and procedures has been or is in the process of being committed.

Where an employee becomes aware of or suspects that bribery has taken place, the information shall be reported in the first instance to the relevant manager or official responsible for security matters according to the internal policies and procedures of the business unit of the Group. Receipt of communications on the Policy implementation in relation to Polymetal International plc as well as regarding its business operation is carried out at security@polymetalinternational.com.cy. All reports will be treated in confidence and fully investigated. Every effort will be made to grant anonymity if it is requested.

Once an employee has reported a suspicion or concern to the appropriate person, the matter should not be discussed with any person other than those responsible for investigating it.

A manager to whom an employee's concerns are expressed must act promptly and notify the employee of any action taken. Where it is decided that further investigation is not appropriate, the employee must be given a prompt and full explanation of the reasons for reaching this conclusion.

10. Training

Management must ensure that employees are aware of Polymetal's anti-bribery policies and procedures and that employees participate in Polymetal's general awareness anti-bribery training at the beginning of his/her employment and further on at least once in three years. General awareness training to the employees must comprise the following:

- key provisions of relevant laws and regulations relating to anti-bribery and corruption policies;
- why anti-bribery and corruption is so important;
- Polymetal's expectations with respect to anti-bribery and corruption;
- main features of this Anti-Bribery and Corruption Policy as well as internal policies and procedures regulating the ethical conduct of employees ;
- the procedure how to raise concerns /inquiries.

In addition to that Management must ensure training specific to the needs of particular employees or job functions (including on-the-job training) is provided when appropriate, at least once a year. Specialist training must be provided to employees in higher risk roles e.g. those involved in sales, procurement, licensing, approval of documents by the state authorities, etc.

All employees shall be made aware of the Anti-Bribery and Corruption Policy and the internal policies and procedures regulating the ethical business conduct of employees of the relevant business unit of the Group and kept aware on a periodic basis of the importance of the implementation of the policies.

11. Non-Compliance

The consequences of non-compliance with this policy are governed by the applicable laws. In the case of an employee who is guilty of bribery:

- (a) The employee may face criminal penalties which will vary according to the offence with which he or she is charged and the seriousness of that offence.
- (b) The employee will be liable to disciplinary action and to dismissal for gross misconduct with consequent loss of salary, bonus and benefits.
- (c) The employee will be liable to civil legal action for the recovery of any misappropriated sums and/or for damages for any loss or damage suffered by his victim.

An employee who fails to report a suspicion of bribery will be liable to disciplinary action or to dismissal for gross misconduct with consequent loss of salary, bonus and other valuable benefits.