

APPROVED
by the Board of Directors of
Polymetal International plc

**Policy on use of agents, representatives, intermediaries and
contractors' due diligence**

POLYMETAL GROUP

(as amended on 21 March 2018)

1. Background

- 1.1 This policy is formulated to decrease the risk of corrupt practices by Agents, Representatives, Intermediaries and Contractors working for or on behalf of Polymetal International plc Group's of companies (Polymetal, the Group)¹ and to reduce the risk of Polymetal entering into contractual relationships with unreliable contractors.
- 1.2 The principles established by this Policy apply to all employees of Polymetal. In order to ensure the implementation of the principles set out by the Policy in all regions of operation, all business units of the Group adopt internal policies and procedures which regulate moral and ethical conduct of the employees in accordance with the Policy and applicable laws.

2. Definitions

Definitions used in this Policy shall be interpreted as follows:

- 2.1. **Agent** shall mean any person or entity entering into civil law relations not on its behalf but for Polymetal's account or on behalf of and for Polymetal's account (agent under contract of agency, commission agent under commission agreement, agent under intermediary contract), except for the companies which are part of the Group.
- 2.2. **Public official** shall mean anyone working in a legislative, administrative or judicial position or working for or on behalf of government-owned or controlled entities or agencies or 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 (parents, spouses, children, in-laws, siblings) and anyone else to whom the Public official provides material support.
- 2.3. **Contractor** shall mean any person or entity that entered an agreement with Polymetal as a contracting party, except for the companies which are part of the Group.
- 2.4. **Intermediary** shall mean any person or entity that was charged with responsibility of finding a potential contractor, conducting negotiations for future dealings, preparing draft contracts, except for both the companies which are part of the Group and Polymetal employees acting within their official duties.
- 2.5. **Representative** shall mean any person or entity acting on behalf of Polymetal by virtue of power of attorney, the law or an act of public or local authority, except for both the companies which are part of the Group and Polymetal employees acting within their official duties.

This definition does not cover:

- one-off power of attorney or power of attorney with limited reference which are not connected with acquisition or disposal of material assets

¹ Polymetal International plc and all of its subsidiaries

- Contractor’s employees who take legal and practical steps as part of the contract between a Contractor and a business unit of the Group (submission and obtaining of documents to government bodies, etc.).

2.6. **Due diligence** shall mean a set of measures aimed at identifying various risks associated with business activities, status and reputation of the Contractor.

3. Polymetal policy on use of Agents, Representatives and Intermediaries

- 3.1 The involvement of Agents, Representatives or Intermediaries increases the risk of corrupt practises due to the fact that it is more difficult for Polymetal to monitor third parties. For this reason, the business units of the Group shall seek to avoid using Agents, Representatives and Intermediaries unless it is not possible to conduct business without involvement of third parties.
- 3.2 Prior to the engagement of Agents, Representatives or Intermediaries the procedure set out below should be followed:
- (a) Undertake a mandatory Due diligence on potential Agent, Representative or Intermediary and obtain satisfactory results of such Due diligence;
 - (b) Agents, Representatives or Intermediaries should be made aware of Polymetal’s anti-corruption policies in place and the standards of conduct that are expected;
 - (c) Reasonable steps must be taken to monitor Agents, Representatives or Intermediaries and prevent improper conduct;
 - (d) If there is any indication of potentially improper conduct the designated official responsible for security matters should be notified immediately and then sufficient steps should be taken to investigate the conduct in accordance with the internal policies and procedures of the relevant business unit of the Group Receipt of communications associated with or related to Polymetal International plc is carried out at security@polymetalinternational.com.cy.
 - (e) Agents, Representatives or Intermediaries should be terminated in the event that an investigation does not dispel Polymetal’s concerns about their conduct. Decisions relating to such termination will be ultimately taken according to the internal policies and procedures of the relevant business unit of the Group;
 - (f) The level of fees should be reasonable in relation to the level of service provided and prevailing market price for analogous service;
 - (g) The relationship between Polymetal and Agents, Representatives or Intermediaries should be governed by a written agreement. This agreement should include provisions setting out the standard of conduct expected and giving Polymetal sufficient rights so that monitoring and investigation can take place.
- 3.3 The above principles also apply to contractors of Polymetal (suppliers of goods and services) when, in accordance with the internal policies and procedures of the business units of the Group, entering into an agreement with such contractors requires either/both holding of a tender or/and preparation of a competitor chart.

4. Due diligence procedure

- 4.1. Due diligence is carried out by the Security Department and, if necessary, with assistance of other subdivisions and departments of the business units of the Group.
- 4.2. Due diligence includes, but is not limited to, evaluation of reputation, background check of legal entity's management and members (shareholders), legal status, registration information, size of the charter capital and allotment of shares; presence of subsidiaries; amount of fixed assets; presence of loan debts, loan settlement process and the outstanding debt amount; presence of movable and immovable property on the books, presence of brunch businesses; persons entitled to act without power of attorney; profit and loss statement; bankruptcy cases and Arbitration Court cases.

Shall Due diligence reveal alarming information, the Security Department should notify the designated official of the relevant business unit of the Group responsible for security matters and Tender Committee in accordance with the internal policies and procedures of the business units of the Group.

- 4.3. The Due diligence shall be carried out prior to appointing a new Agent, Representative or Intermediary or prior to renewing an existing agreement with the same.
- 4.4. Particular attention should be paid when conducting Due diligence on Polymetal's merger and acquisition deals. Due diligence shall be carried out on both the acquired business (assets) and property owners aiming to indentify legal risks of acquirable business; primarily risks associated with corrupt practices in business operations.
- 4.5. In order to reduce the risk of corrupted practices Due diligence results should be updated at least once every half year for long term agreements with Agents, Representatives and Intermediaries and immediately after Polymetal becomes aware of any changes in ownership, directors or business activities of Agents, Representatives and Intermediaries (particularly, resulting in it being involved with high risk jurisdictions or sectors).
- 4.6. Due diligence data on Agents, Representatives and Intermediaries should be documented, including information on background, qualifications, reputation and testimonials and references received from third parties.
- 4.7. Security Department of the relevant business unit of the Group should inform the designated official responsible for security matters when due diligence results arouse grave misgivings. The designated official responsible for security matters should approve Due diligence results each time a Due diligence is carried out in accordance with the internal policies and procedures of the business unit of the Group Agents, Representatives and Intermediaries cannot be appointed and the contracts with them cannot be extended without prior written approval by the designated official.

5. Warning signs

- 5.1 Always look out for anything that might signal that Contractor is involved in any improper conduct. This would include situations when the Contactor:
 - (a) appears unqualified or understaffed;

- (b) is located in a jurisdiction that Polymetal deems to be high risk;
- (c) is specified or recommended by a Government official;
- (d) requests that his identity be kept hidden;
- (e) requests that he/she be paid in cash, upfront or through offshore payments;
- (f) requests unusually large fees in relation to the services provided; or
- (g) seeks reimbursement for unusually high or undocumented expenses.

6. Record retention

- 6.1 Details of all third parties engaged by Polymetal should be maintained in a central file and kept updated within the time limit established by this Policy as well as in accordance with the applicable policies and procedures of the business units of the Group. Signed originals of all written agreements should be retained and stored securely in accordance with the internal documentation of the business units of the Group.

7. Breaches of policy

- 7.1 Breaches of this policy are a serious matter and may render employees liable to disciplinary action, including termination of employment.
- 7.2 In many jurisdictions, such breaches might also render an employee liable to prosecution by a law enforcement or regulatory body which might impose significant penalties for the misconduct of third parties acting on behalf of Polymetal.
- 7.3 Polymetal will not hesitate to terminate its relationship with a third party who has been found to breach this Policy or other policies and procedures within the Group's anticorruption policies.