

**APPROVED**  
by the Board of Directors of  
Polymetal International plc

**Political and Charitable Donations Policy**

**POLYMETAL GROUP**

*(as amended on 21 March 2018)*

## Background

This Policy defines social commitment of Polymetal International plc Group of companies (Polymetal, Group)<sup>1</sup>, including Social partnership with local authorities and Corporate donations in the regions in which Polymetal operates. Such commitments are aimed to improve social stability of the Group's workforce and increase Polymetal's involvement in social and economic development of the regions in which it operates.

This Policy establishes rules for the Polymetal's charitable, social and political donations, payments and contributions as well as establishes the procedure for the monitoring of expenditure of the allocated funds.

This policy applies to all employees and all subsidiaries of Polymetal. In order to ensure implementation of the principles set out by the Policy in all regions of Polymetal's operation, Group's companies adopt internal policies and procedures regulating moral and ethical conduct of the employees in accordance with the Policy and applicable laws.

## 1. Definitions

Definitions used in this Policy shall be interpreted as follows:

- 1.1. **Social commitment** – any voluntary contribution of Polymetal to social development which is over and above the statutory minimum. It includes Polymetal's responsibility as business partner, employer and social relations partner.
- 1.2. **Social partnership** means Polymetal's partnership with local authorities and people including indigenous people of the North in the areas where the Group's companies operate. It defines priority funding by long-term socio-economic partnership agreements.
- 1.3. **Corporate charity** is a voluntary giving of help to those in need by Polymetal and/or its employees arranged with Polymetal's support.
- 1.4. **Public official**: 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 (parent, spouse, child, in-law, sibling) and anyone else to whom the Public official provides material support.

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<sup>1</sup> Polymetal International plc and all of its subsidiaries

## **2. Political and Charitable Donations Policy**

### **2.1. Background**

The following payments, contributions and donation shall not be permitted:

- to political parties and alliances, including independent candidates for election at any levels;
- public officials;
- in support of activities which are in conflict with Polymetal' s Code of Conduct.

Polymetal's priority funding areas are the following:

- Healthcare and education: repairs and restoration of healthcare and educational facilities in remote regions (schools, nurseries, boarding schools, hospitals, clinics, etc.); upgrading of facilities, armamentarium for healthcare and education facilities in remote regions; providing modern equipment for healthcare and education facilities, providing local public with quality healthcare and medical transport.
- Children's and junior's sport: sponsoring children's and junior's teams, financing sport tournaments and events, building playing-fields and sport facilities; providing sports equipment for education and sports centres.
- Support of the indigenous minorities of the north of the Russian Federation ("IMN"): support of traditional methods of the IMN's economic management, transportation supply, supply of essential goods, food and tools; preservation of cultural heritage, arts and crafts.
- Infrastructure development in remote regions: improvement of areas; logistical support for daily living in remote regions (purchasing of fuel, public transport etc.).
- Support of cultural potential and creativity of the population: creating opportunities for development and creativity in remote areas; repairs and supplying cultural institutions with necessary equipment; support of children's creative teams, festivals and competitions; support for public village and city events.
- Support of environmental actions and initiatives aimed at increasing environmental responsibility, awareness and involvement of the community; promote environmental activities and friendliness: support of employees' and local people's participation in environmental movements, clean-up days, competitions and other environmental events; provide equipment to children's environmental study groups and public organisations.

### **2.2. Social partnership**

- A. Social partnership is performed by entering into long-term agreements with local authorities of the areas where the Group companies operates defining general principles of interaction of the parties.
- B. Funding targets are determined annually in accordance with the agreements and in the following order:

- Public relations management conducts annual monitoring of social situation and needs of resident population, including indigenous people of the North in the areas where the Group companies operate; in particular, the population change, quantity of preschool and school children, availability and technical condition of social facilities, etc. are examined;
  - In order to gather information, the staff of the Public Relations Directorate and managing directors of the enterprises and subsidiaries shall either hold annual public meetings with local population or carry out surveys, including indigenous people of the North (in cases of remote areas). The results of such meetings shall be documented by signed protocols which shall be submitted to the designated official responsible for information and social policy matters in accordance with the internal policies and procedures of a Group's business unit.
  - Based on the results of meeting and/or surveys and monitoring a list of potential facilities and events for funding should be drawn, taking into account the aforementioned funding priorities. This list shall be submitted for approval to the designated official responsible for information and social policy matters in accordance with the internal policies and procedures of a Group's business unit.. The proposals of local authorities shall be considered in relation to monitoring data;
  - The list of facilities for funding shall be submitted for consideration and approval to the Group CEO of Polymetal International plc group of companies.
  - The list of facilities for funding shall be agreed with the local authorities.
- C. All socio-economical partnership agreements shall contain a procedure for control over each stage of the Group's business unit expenditure:
- Funds for each approved social event/facility shall be allocated following a written request from local authorities for the acquisition of property and labour, which should include the following information:
    - the exact name and required characteristics of the property or the types and volumes of work;
    - value of the property or work;
    - timeframe for property acquisition or performance of work;
    - the amount of money payable;
    - timeframe for funds transfer;
    - name and requisites of the recipient of funds (if the recipient acquires property or orders performance of work on his/her behalf) or of the recipient of property (work).
  - The business units of the Group shall consider a request within 30 days and independently decide on the method and procedure of execution of such request.
  - Local authorities undertake to fulfil their obligations to implement the approved social events qualitatively and on time.

- The business units of the Group may meet its obligation to finance social events/facilities either by donating monetary funds to the local authorities, by donating property/equipment for social events to the operating organisation (nursery, school, hospital, etc.) or by performing the work required for the approved social events.
  - Funding is provided under continues supervision of managing directors of the enterprises and subsidiaries of the Group’s business units, departments of public relations and designated officials responsible for information and social policy matters in accordance with the internal policies and procedures of the Group’s business units, who:
    - audit the proper use of funds to avoid commercial use of property or work;
    - shall request documentation from local authorities which proves that the funds (property, work) were used properly;
    - audits local authorities’ implementation of approved social events; specifically, the efficiency, quality and timing of implementation.
  - Local authorities shall provide the relevant business unit of the Group with a detailed annual report on the expenditure of funds as well as provide a public report to inform the local population.
- D. When a misuse of monetary funds, property, or results of performed work is detected, the relevant business unit of the Group shall request to return misused funds or the amount of funds equal to the value of misused property or performed work.
- E. The financing within the frameworks of the social partnership shall be controlled by the relevant business unit of the Group and local population:
- Local authorities shall provide the business unit of the Group with annual detailed reports on the spending of the funds received;
  - Beneficiaries shall report to the business unit of the Group on the spending of the funds they received in the written form;
  - The business units of the Group have a right to request from the beneficiaries conformation of the targeted spending of the funds in the form of billing documents and other documents;
  - The business unit’s representatives together with the representatives of the local authorities shall report to the local population annually on the programmes/events delivered. The reports shall be given during meetings with the public including indigenous people of the North and/or in the publications in the local media.

### **2.3. Corporate charity**

- A. In its corporate charity activities, the Group’s business units shall aim at rendering targeted aid to the socially vulnerable groups with the priority given to the following: aid to poor and severely ill people, aid to children and elderly people, support to other

population groups in need. The list of priorities may be extended based on the analysis carried out and upon the agreement with the department of public relations of the business unit of the Group in accordance with the internal policies and procedures.

B. Activities for funding are selected in the following order:

- In order to analyse and to determine the activities and targeted groups to whom the support will be rendered, the staff of the public relations departments of a business units of the Group shall perform annual monitoring of the situation in the areas of operation and shall gather information (suggestions and requests) from the local population, including indigenous people of the North, and from charity organisations.
- In order to provide an opportunity to the public and charity organisations representing the interests of those in need to send requests/suggestions, the business units of the Group place their contact details, telephone numbers and contact emails in public places in the regions where the Group operates.
- Based on the requests, monitoring performed and information gathered as well as taking account of managing directors' opinion and in consultation with the designated officials responsible for information and social policy matters, an annual list of the planned corporate charity activities shall be prepared. Managing directors of the business units can make independent decisions on a number of charitable activities, taking responsibility for quality, compliance with the priorities and principles of the corporate charity activities and proper use of funds according to the internal policies and procedures of the Group companies.
- All events funded under the Corporate Charity shall be documented by separate agreements with public organisations and INM; charitable donations for those in desperate need may be transferred directly upon availability of supporting documentation and justification (medical certificated, etc.).

C. Corporate Charity is subject to control by Polymetal:

- The financial aid shall be provided upon written request only and shall be confirmed by documents and substantiated.
- The business units of the Group shall annually report to the public on the activities it funded via public meetings, media, annual reports and other available means.
- Beneficiaries shall annually report to the relevant business units of the Group on received funds via written reports, advisory boards, round tables and media. The business units of the Group may request from beneficiaries confirmation documentation on proper use of funds such as billing statements and other documents.

D. The employees of Polymetal may advance an initiative on participation and support to charity events and activities in the form of non-repayable donations, volunteer help and in other forms as agreed with the management of the Group's business units and relevant department of public relations in accordance with the internal policies and procedures of the business units of the Group.