

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

Introduction

This Policy on use of agents, representatives, intermediaries and contractors' due diligence (hereinafter referred to as the "Policy") of Polymetal International plc ("Polymetal") and its subsidiaries (together "the Group", and each individually a "Group Company") is formulated to decrease the risk of corrupt practices by agents, representatives, intermediaries and contractors working for or on behalf of Polymetal and Group Companies to reduce the risk of the Group entering into contractual relationships with unreliable contractors.

Terms and Definitions

Agent – any person or entity entering into civil law relations not on its behalf but for the Group's account or on behalf of and for the Group'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.

Public official or government 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. For the purposes of this Policy, this term will also cover immediate family members (parents, spouses, children, in-laws and, siblings), consultants who hold government positions, employees of companies owned or controlled by governments, political party officials, or employees retained by government agencies, and anyone else to whom the public or government official provides material support.

Contractor – any person or entity that entered into an agreement with the Group Companies as a contracting party, except for companies that are part of the Group.

Intermediary – any person or entity charged with the responsibility of finding a potential contractor, conducting negotiations for future dealings, preparing draft contracts, except for companies that are part of the Group and Group's employees acting within their official duties.

Representative – any person or entity acting on behalf of Group Companies by virtue of power of attorney, the law or an act of public or local authority, except for companies that are part of the Group and Group Companies employees acting within their official duties.

This definition does not cover:

- One-off power of attorney or power of attorney with limited reference that are not connected with the acquisition or disposal of material assets;
- Employees of Contractors who take legal and practical steps as part of a contract between a Contractor and a Group Company (submitting documents to or obtaining documents from government bodies, etc.).

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

Management – executive managers of Group Companies, who have the authority to make or materially influence major commercial, financial and personnel decisions within their Group Company. Management is responsible for overall compliance of Group Companies with this Policy, and the relevant internal policies and procedures of Group Companies regulating employee conduct, consistent with this Policy.

Scope of the Policy

This Policy applies to:

- Polymetal International plc;
- All other Group Companies; and
- All permanent and temporary employees, contractors, managers, officers, directors, business partners and third parties employed or engaged by, or providing services on behalf of, the Group.

Commitments and provisions

The key principle for mitigating the risk of corrupt practices, along with possible quality issues and lack of accountability when dealing with Agents, Representatives or Intermediaries is that the Group Companies shall seek to avoid using Agents, Representatives and Intermediaries unless it is not possible to conduct business without involvement of third parties.

Prior to the engagement of Agents, Representatives or Intermediaries, the procedure set out below should be followed:

- Perform an initial Internet search and examine news services to detect obvious problems related to the third party's reputation, past integrity and involvement in regulatory action or legal proceedings as a result of alleged breaches of anti-corruption laws.
- Undertake mandatory due diligence on a potential Agent, Representative or Intermediary and ensure the results of this due diligence are satisfactory;
- Agents, Representatives or Intermediaries should be made aware of Group's Code of Conduct and anti-corruption policies and the standards of conduct expected;
- Reasonable steps must be taken to monitor Agents, Representatives or Intermediaries and prevent improper conduct;
- If there is any indication of potentially improper conduct, the official responsible for security matters should be notified immediately, followed by the appropriate steps to investigate the conduct in accordance with the internal policies and procedures of the relevant Group Company.
- Agents, Representatives or Intermediaries should be dismissed if an investigation does not fully dispel the concerns about their conduct. Decisions relating to dismissals will ultimately be taken in accordance with the internal policies and procedures of the relevant Group Company;
- Fees should be reasonable in relation to the level of service provided and prevailing market prices for similar service;
- Any relationship with Agents, Representatives or Intermediaries should be governed by a written agreement. This agreement should include provisions that set out the standard of conduct expected and give Group Companies sufficient rights to monitor and investigate Agents, Representatives or Intermediaries.

The above principles also apply to contractors of Group Companies (suppliers of goods and services) when, in accordance with the internal policies and procedures of the Group Companies, entering into an agreement with these contractors requires either/both holding a tender or/and preparation of a competitor analysis.

Due diligence procedure

Due diligence is carried out by the Security Department and, if necessary, with the assistance of other subdivisions and departments of the Group Companies.

Due diligence includes, but is not limited to:

- evaluation of reputation;
- background checks of a legal entity's management and owners (shareholders);
- legal status, including denied parties lists and politically exposed persons (PEP) screening;
- registration information;
- size of charter capital and allotment of shares;
- presence of subsidiaries;
- financial status (fixed assets, debt burden, loan settlement process and outstanding debt);
- presence of movable and immovable property on the books;
- presence of subsidiaries;
- persons entitled to act without power of attorney;
- profit and loss statement;
- bankruptcy cases and Arbitration Court cases.

As a good practice, due diligence procedures shall include a compliance check of the third party to evaluate its capacity to counter corruption. This might include analysis of the entity's Code of Conduct, internal anti-corruption policies (for example, Whistleblowing Policy), compliance function, internal compliance trainings and internal audits that cover compliance.

If due diligence reveals alarming issues, the Security Department should notify the senior official of the relevant Group Company responsible for security matters and the Tender Committee in accordance with the internal policies and procedures of the Group Companies.

Due diligence must be conducted prior to appointing any new Agent, Representative or Intermediary or prior to renewing an existing agreement with one.

Particular attention should be paid when conducting due diligence on merger and acquisition deals. Due diligence must be conducted on both the acquired business (assets) and the property owners with the aim of identifying the risks, including legal risks of the business to be acquired; and primarily the risks associated with corrupt practices in business operations.

To reduce the risk of corrupt practices, the finding of due diligence should be updated at least once every six months for long-term agreements with Agents, Representatives and Intermediaries, and immediately after the Group becomes aware of any changes in the ownership, directors or business activities of Agents, Representatives and Intermediaries (particularly if these result in it being involved with high risk jurisdictions or sectors).

Due diligence information on Agents, Representatives and Intermediaries should be documented, including information on background, qualifications and reputation as well as testimonials and references received from third parties.

The Security Department of the relevant Group Company should inform the senior official responsible for security matters when the results of due diligence arouse misgivings. This senior official should approve the results of due diligence each time due diligence is conducted in accordance with the internal policies and procedures of the Group Company. Agents, Representatives and Intermediaries cannot be appointed and the contracts with them cannot be extended without prior written approval by the designated official.

Red flags

Always look out for anything that could signal that Contractor is involved in any improper conduct. This would include situations when the Contractor:

- Appears unqualified or understaffed;
- Has little or no experience in the relevant industry sector;
- Operates in an industry, region that the Group deem to be high risk (including corruption risks);
- Is specified or recommended by a Government official or a customer of Group Companies;
- Requests that their identity be kept hidden;
- Requests that they be paid in cash, upfront or through offshore payments;
- Requests unusually large fees in relation to the services provided;
- Seeks reimbursement for unusually high or undocumented expenses.

Keeping records

Details of all third parties engaged by the Group should be maintained in a centralised database and updated within the time limit established by this Policy and in accordance with the applicable policies and procedures of the Group Companies. Signed originals of all written agreements should be retained and stored securely in accordance with the internal documentation of the Group Companies.

Policy Implementation

The Policy should be considered as inseparable from, and viewed in the context of, the principles and approaches described in the Group's other business ethics policies. These documents are available on Polymetal's website.

Group Companies shall retain sole responsibility for implementing and complying with the principles of this Policy. All Group Companies shall implement internal policies and procedures regulating moral and ethical conduct consistent with this Policy so far as they do not contradict the applicable laws and/or other regulatory requirements of the jurisdictions in which they operate.

The internal ethical conduct policies and procedures of Group Companies can be found on the internal networks of the respective companies. All employees should be made aware of these policies and know where to find them. The policies can be also obtained by contacting the Security Department of each Group Company.

Severe disciplinary action will be taken towards violations of this Policy, including, among other actions, dismissal, in accordance with applicable legislation, and the internal policies and procedures of the Group Companies. Equivalent penalties will also apply to contractors, managers, officers, directors, business partners and third parties engaged by or providing services on behalf of the Group. In many jurisdictions, such breaches may also leave individuals liable to prosecution by law enforcement or regulatory bodies. These authorities may impose significant penalties for the misconduct of third parties acting on behalf of the Group. The Group will not hesitate to terminate its relationship with third parties who have been found to be in breach of this Policy or other anti-corruption policies and procedures.

The Group provide induction and ongoing training on the policies and procedures regulating ethical conduct for employees of the Group's business entities in accordance with internal regulations.

Review and monitoring

The policy shall be approved by the Polymetal Board of Directors. The Audit and Risk Committee (hereinafter – the Committee) oversees the Group's compliance with the principles of this Policy and monitors Management's reporting.

This Policy is subject to the annual review by the Committee to consider if it remains and consistent with the applicable standards and practices, and to recommend any changes it considers desirable to the Board for approval.

The Management of Group Companies shall conduct regular performance reviews against the principles of the Policy, as well as internal policies and procedures, to ensure that we are fulfilling our commitments. The Security Department of each Group Company is responsible for monitoring the Policy's implementation.

Contacts

We welcome any queries from our stakeholders. Questions regarding the content and application of this Policy can be forwarded to our specialists in any convenient form, including by phone or via e-mail. Our contact details can be found in the Contacts section on Polymetal's official website.