

Climate Change Policy

Context

The Board of Directors of Polymetal International plc (“Polymetal”), cognisant of the risks that a changing climate pose to the long-term viability of the business, and the potential impact that climate change can have on its operations and the communities where the Group operates, its suppliers, partners, investors, and other stakeholders, is hereby adopting this Climate Change Policy (hereinafter the “Policy”). The Board and management have carefully considered and analysed the Group’s current carbon footprint and mapped out a realistic and achievable strategy to reduce the Group’s emissions of greenhouse gases (GHGs), implement international best practices to achieve climate change mitigation, and inform the Group’s employees and stakeholders of the seriousness of the Group’s commitment in this regard. The Board of Directors of Polymetal unequivocally recognises the serious threat that climate change poses and is committed to enact clearly articulated and transparent actions to deal with this threat.

The Climate Change Policy (hereinafter the “Policy”) of Polymetal International plc (“Polymetal”) and its subsidiaries (together the “Group” and each individually a “Group Company”) introduces an approach for evaluating the impact caused by the changing climate on the Group’s operations, cutting greenhouse gas (GHG) emissions, and improving energy efficiency wherever the Group operates, taking account of good international practice and the goals of the Paris Agreement.

Polymetal’s initiatives to reduce its impact on climate and the environment are informed by principles of the Paris Agreement and the United Nations Sustainable Development Goals, as well as recommendations of the Intergovernmental Panel on Climate Change (IPCC) and the Financial Stability Board’s Taskforce on Climate-related Financial Disclosures (TCFD).

The products derived from mining are essential to the development and well-being of humanity. However, recognising that mining activities can result in adverse consequences for the climate and simultaneously may suffer from extreme climate events, the Group regards the mitigation of such consequences and adaptation to avoid catastrophic outcomes as essential in the fight against climate change.

Terms and Definitions

Greenhouse gases — gaseous substances of natural or man-made origin which absorb infrared rays and re-emit them occur around housing, industrial and other premises. In the context of the Policy, GHGs include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

Carbon footprint — the total volume of emissions minus consumption of GHGs generated in the course of a relevant Group Company’s operations. Carbon footprint includes direct emissions generated by commercial and other activities (Scope 1), indirect emissions related to the consumption of purchased electric and thermal energy (Scope 2), indirect emissions upstream and downstream in the supply chain as well as due to the processing and use of sold commodities (Scope 3), and GHG consumption as a result of climate-related projects. The Group’s carbon footprint is measured in terms of total tonnes of CO₂ equivalent emitted per year.

Reduction of GHG emissions (in the context of climate change) — a set of measures to lower the number of sources and quantity of GHG emissions, as well as to improve GHG capture and storage and carbon offset.

Energy efficiency — keeping operational performance at the same level with less energy due to energy loss curtailment and decrease in demand; facilitates the reduction of both costs and GHG emissions.

Climate risks — a number of hypothetical adverse material and non-material consequences directly or indirectly caused by climate change.

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 overseeing the overall consistency of each Group Company with the Policy, and the ensuring compliance with relevant internal policies and procedures of Group Companies regulating greenhouse gas emissions, consistent with this Policy.

Scope of the Policy

The policy applies to:

- Polymetal International plc;
- All other Group Companies;
- All permanent and temporary employees, contractors, managers, officers, directors.

The policy should also be applied where possible to the terms of engagement with business partners and third parties employed or engaged by, or providing services on behalf of, the Group.

Commitments and Provisions

Each Group Company commits to pursue compliance with legislation in countries of operation, and with applicable national and international regulations towards GHG emissions control, energy use and adaptation to climate change. Each Group Company adopts the Policy in order to mitigate its impact with regard to GHG emissions and become more resilient in the face of climate instability.

This Policy supplements the Group's Environmental Policy, with the goals of controlling and reducing its carbon footprint and mitigating adverse consequences for the environment caused by climate change. To achieve the goals, Polymetal and each Group Company make commitments to focus on the following areas:

CARBON FOOTPRINT MANAGEMENT

- We each account for and disclose data on GHG emissions throughout the production chain as well as the carbon footprint of the product according to our Greenhouse Gas Emissions Accounting Standard, based on the Guidelines for National Greenhouse Gas Inventories (IPCC, 2006) and the following parts of the GHG Protocol: Policy and Action Standard, Scope 2 Guidance, and Technical Guidance for Calculating Scope 3 Emissions.
- We are each working on setting ambitious targets to reduce our carbon footprint in the medium to long term, including the achievement of carbon neutrality where technologically feasible.
- We are each making coordinated efforts to reduce GHG emissions and improve energy efficiency by introducing state-of-the-art technology, equipment and work practices. We are developing low-carbon processes and installing renewable energy sources where applicable to our part of the Group's business.
- We each thoroughly plan energy consumption, are improving accounting methods and controlling energy consumption, aimed to assist us to achieve targeted efficiency at each operation.
- To improve efficiency we have together adopted our measures to implement the Energy Policy and have each introduced the Energy Management System developed and implemented it in accordance with ISO-50001.

CLIMATE RISK MANAGEMENT

- We each recognise and identify climate risks. We forecast potential negative impacts on our part of the Group's business that may arise due to changing climate and work to adapt to and, where possible, mitigate them.
- We each evaluate and monitor risks and opportunities related to climate change. Polymetal updates periodically our adaptation scenarios depending on possible future conditions, including business-as-usual scenario and the scenarios of maintaining the average global temperature increase to below 2°C above pre-industrial levels and making efforts to limit the temperature increase to 1.5°C, to inform implementation measures and procedures developed by all Group Companies.
- We have reflected the importance of climate change action in the Group's Executive Remuneration policy and reinforced the link between climate change performance measures and executive remuneration. Each year the Safety and Sustainability Committee considers appropriate climate control performance indicators to be included to the Sustainability/ESG KPI scorecard for the relevant Management in line with the Group's long-term targets.

INFORMATION TRANSPARENCY AND DISCLOSURE

- We publicly disclose data on the key climate risks and opportunities, the GHG emissions reduction strategy and climate risk management. We each continuously improve the quality of analysis by monitoring progress on carbon footprint reduction and step-by-step implementation of the unified climate reporting standards.
- We each provide all our employees with access to information on our corporate goals and environmental protection indicators. Corporate responsibility for climate and environment is enshrined in the Environmental Management System (EMS), so far as it is applicable to our business.
- We each raise awareness among our employees, suppliers, investors and communities where we operate about climate change, our climate strategy and the necessity of action towards reducing their carbon footprint. We encourage our partners, contractors and suppliers to apply the same strict standards to reduce their carbon footprint as we have accepted ourselves.

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 policies, regulating its environmental management approach. These documents are available on Polymetal's website.

Each Group Company retains sole responsibility for implementing and complying with the principles of this Policy. Each Group Company shall implement internal policies and procedures consistent with the 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 environmental management policies and procedures of each Group Company shall be made available on the internal network of that company. All employees should be made aware of these policies and know where to find them. The policies can also be obtained by contacting the internal communication department of each Group Company.

Breaches of the principles of this Policy, and breaches of any relevant internal policies and/or procedures of Group Companies which implement this Policy, are a serious matter, and may render employees liable to disciplinary action, including 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 an employee 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.

Polymetal will not hesitate to terminate its relationships with third parties who have been found to be in breach of this Policy or other environmental management policies and procedures. The management of Group Companies may adopt a similarly stringent approach with respect to their respective policies and procedures.

Polymetal and each Group Company provides induction and ongoing training on compliance with the environmental policies and procedures for employees of the relevant Group business entities in accordance with the internal regulations of that entity.

Review and Monitoring

The Policy has been approved by Polymetal International plc's Board of Directors. The Safety and Sustainability Committee (hereinafter the "Committee") oversees Polymetal International plc and each Group Company's compliance with the principles of this Policy and monitors the reporting by Management of Group Companies issues through consolidated reporting.

This Policy is subject to review as needed, but at least once every three years, by the Committee, to consider if it remains appropriate and consistent with applicable standards and practices, and to recommend any changes it considers desirable to the Board for approval.

Management of each Group Company is responsible for oversight of the performance of climate-related matters and monitoring the implementation of principles consistent with the Policy. The Management of each Group Company shall conduct regular reviews of that Group Company's performance against the principles of the Policy, as well as its own internal policies and procedures, and use all reasonable endeavours to ensure that it is fulfilling the commitments set out in this Policy (including by taking appropriate active steps by training, supervision and enforcement).

Contacts

Polymetal International plc and each Group Company welcomes any enquiries from stakeholders. Questions regarding the content and application of this Policy can be forwarded to any of our specialists in any convenient form, including by phone or via email. The contact details of Polymetal International plc and the relevant Group Company representatives can be found in the Contacts section on Polymetal's official website.