

**FOCUS.
COMMITMENT.
IMPACT.**

Green Loan Report
under Green Financing Framework

January 2022



POLYMETAL
INTERNATIONAL P.L.C.

CONTENT

1. Sustainability Approach
2. Impact Report
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SUSTAINABILITY AS ONE OF STRATEGIC PPRIORITIES

How we enable sustainable and responsible growth:



Engaging with stakeholders

- ▼ We advocate for meaningful dialogue with employees, communities, authorities, business partners and capital providers



Setting clear goals and measuring performance

- ▼ We have corporate management systems in place to monitor and continuously improve sustainability performance



Aligning our impacts with UN SDGs




- ▼ We have mapped strategic impact areas to relevant SDGs and targets and analysed how we contribute



Applying the highest standards of governance and risk management

- ▼ Our management remuneration is linked to ESG KPIs, and sustainability risks are embedded in corporate Risk Management System

SUSTAINABILITY PRIORITIES

Material issue	Our priorities		
Water	<ul style="list-style-type: none"> Reduction of fresh water withdrawal Safe water discharge 		
Climate change	<ul style="list-style-type: none"> Decrease GHG intensity by 30% by 2030 (baseline 2019) Increasing energy efficiency and using renewable energy Approving a step-by-step path to carbon neutrality 		
Waste and pollutants	<ul style="list-style-type: none"> Zero environmental accidents (e.g. via moving to dry stacking of tailings) Increase the share of waste reused through backfilling 		
Biodiversity	<ul style="list-style-type: none"> Plan ahead for mine closure Evaluate our biodiversity footprint and develop biodiversity action plans for highrisk sites by 2023 		

SUSTAINABILITY PRIORITIES

Material issue	Our priorities	
Employees	<ul style="list-style-type: none"> • Attract and retain best employees • Improve equality and diversity • Support labour rights 	 
Health and safety	<ul style="list-style-type: none"> • Ensure zero fatalities • Build zero harm culture • Year-on-year decrease in absent days following accidents 	
Communities	<ul style="list-style-type: none"> • Ensure zero community conflicts • Ensure positive engagement • Maintain the level of financial giving 	 
Supply chain	<ul style="list-style-type: none"> • Purchase from local suppliers whenever possible • Increase supplier engagement in sustainability 	 

IMPROVING OUR CLIMATE STRATEGY

Polymetal is committed to SBTi

- ▶ Our target is to reduce GHG emissions intensity by **30%** by 2030 (2019 baseline)
- ▶ We are committed to working with our stakeholders and partners to seek an effective and sustainable solutions to achieve this goal
- ▶ In October 2021, Polymetal joined **SBTi** to confirm its commitment to the principles of the Paris agreement. Targets validation is expected in H1 2022.
- ▶ Full disclosure of Polymetal's **targets** and **climate strategy** can be found in our first [Climate Change Report](#)



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The **1st**
gold mining company
in Russia and
Kazakhstan
committed to SBTi

4th company
in the Mining (precious
metals) sector in the
world committed to
SBTi

IMPACT REPORT

On the road to carbon transition and sustainable waste and water management



CLEAN TRANSPORTATION

- Investments in low-carbon transport and renewable energy under the Green Financing Framework to support achievement of the 30% GHG intensity reduction by 2030 goal



**ELECTRIC
UNDERGROUND
LHD AT MAYSKOYE**



**ORE CONVEYER
SYSTEM AT DUKAT**

Eligible Green Project	Mine site	Launch	Number of new vehicles	Indicators			
				Expected after full ramp-up	At the date of the report	Expected after full ramp-up	At the date of the report
						Annual GHG emissions avoided (Scope 1), metric tons of CO ₂ e	
Electric excavators replacing diesel-fueled fleet	Komar	2022	2	24%	24%	6,043	3,022
Electric underground LHDs and trucks	Mayskoye	2022	6	NA ²	-	1,392 ¹	-
Electric Rail-Veyor	Varvara	2022	-	86%	-	412	-
Underground electric conveyer system	Mayskoye	2022	-	12%	-	5,301	-

Notes: Data as of 30 September 2021

1) Compared with potential choice of diesel vehicles 2) Purchased vehicles do not replace existing ones

RENEWABLE ENERGY

▼ We aim to achieve 7% of green electricity of total generated energy by 2025



WIND TURBINE AT UNCHI PORT



SOLAR POWER PLANT AT SVETLOYE

Eligible Green Project	Mine site	Launch	Indicators			
			Expected after full ramp-up	At the date of the report	Expected after full ramp-up	At the date of the report
			Share of renewable energy usage at the unit/operation	Annual GHG emissions avoided (Scope 1), metric tons of CO ₂ e		
Solar power plant (2.5 MW) ¹	Omolon	2021	3%	-	1,617	5
Solar power plant (1.0 MW)	Svetloye	2018	7%	7%	659	718
Wind power plant Unchi (100 kW)	Svetloye	2018	25%	10%	73	29

Notes: Data as of 30 September 2021

1) Currently on the commissioning and start-up stage, full ramp-up is expected closer to the year end

SUSTAINABLE WASTE MANAGEMENT

Dry stacking:

- ▼ Waste is physically and chemically stable – no risk of major accident/ dam failure and pollutant leaching and release, including seepage to groundwater
- ▼ Safer for wildlife – no dam means no risk for birds

Backfilling technology:

- ▼ Increased ground stability and safety, prevents stope wall spalling
- ▼ Reduces the risk of collapses by filling the drift instead of building a new pond or heap

Eligible Green Project	Mine site	Launch	Indicators			
			Expected after full ramp-up	At the date of the report	Expected after full ramp-up	At the date of the report
			Land use/volume reduction		Fresh water savings, m3	
Dry storage facility	Omolon	2021	18%	- ²	2,077	- ²
Dry storage facility	Nezhda	2021	18%	- ²	3,903	- ²
Dry storage facility	Dukat	2024	28%	-	9,095	-
Dry storage facility	POX-2	2022	18%	-	1,220	5
Dry storage facility	Voro	2023	18%	-	NA ³	NA ³
Backfilling project (waste reuse)	Mayskoye	2023	NA	-	NA ⁴	NA ⁴

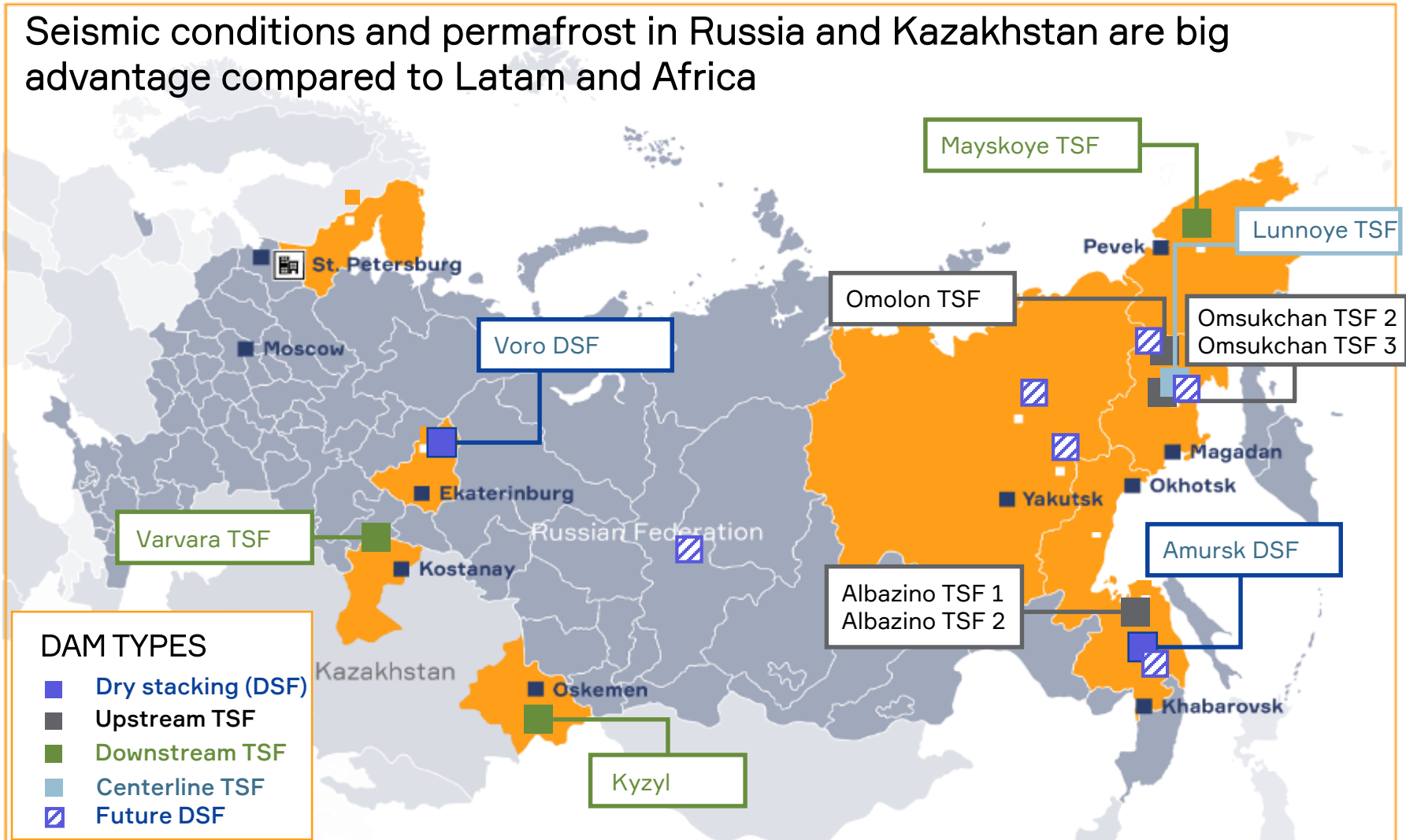
Notes: Data as of 30 September 2021

1) Construction finished, start-up is expected in 2022 2) Not applicable as operation doesn't use fresh water

3) Not applicable as process is not aimed to reduce fresh water use

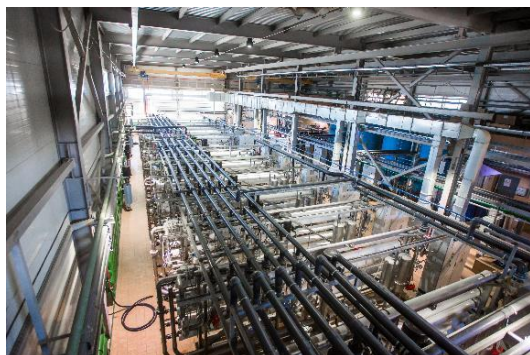
LOCATION AND TYPE OF OPERATED TAILINGS FACILITIES

Seismic conditions and permafrost in Russia and Kazakhstan are big advantage compared to Latam and Africa

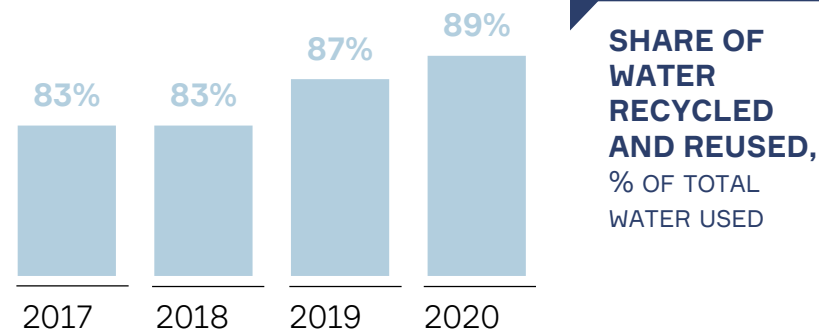


SUSTAINABLE WATER MANAGEMENT

- ▶ We rigorously ensure all discharge is purified using mechanical, physico-chemical and biological processes
- ▶ We continually monitor the quality of surface and ground water to ensure zero contamination



REVERSE OSMOSIS AT AMURSK POX



Eligible Green Project	Mine site	Launch	Indicators			
			Expected after full ramp-up	At the date of the report	Expected after full ramp-up	At the date of the report
			Decrease in discharge of water pollutants		Water percent recycled and reused ²	
Reverse osmosis to improve discharge water quality	Voro	2020	87%	87%	99%	99%
Settling ponds upgrade	Albazino	2022	81%	- ¹	78%	- ¹
Water treatment facilities renovation	Dukat	2021	19%	- ¹	NA	-

Notes: Data as of 30 September 2021

1) Construction finished, start-up will be in spring due to seasonality

2) Eligible projects do not have significant impact on that indicator, indicator shows overall percent on the operation



ALLOCATION REPORT

ALLOCATION REPORT

- ▶ This report relates to the Societe Generale 2020 USD 125 million green loan. It provides information on the CAPEX that was allocated to the eligible projects.
- ▶ The approach presented in this report is consistent with Polymetal's Green Finance Framework ("GFF") which was developed in accordance with the ICMA Green Loan Principles.

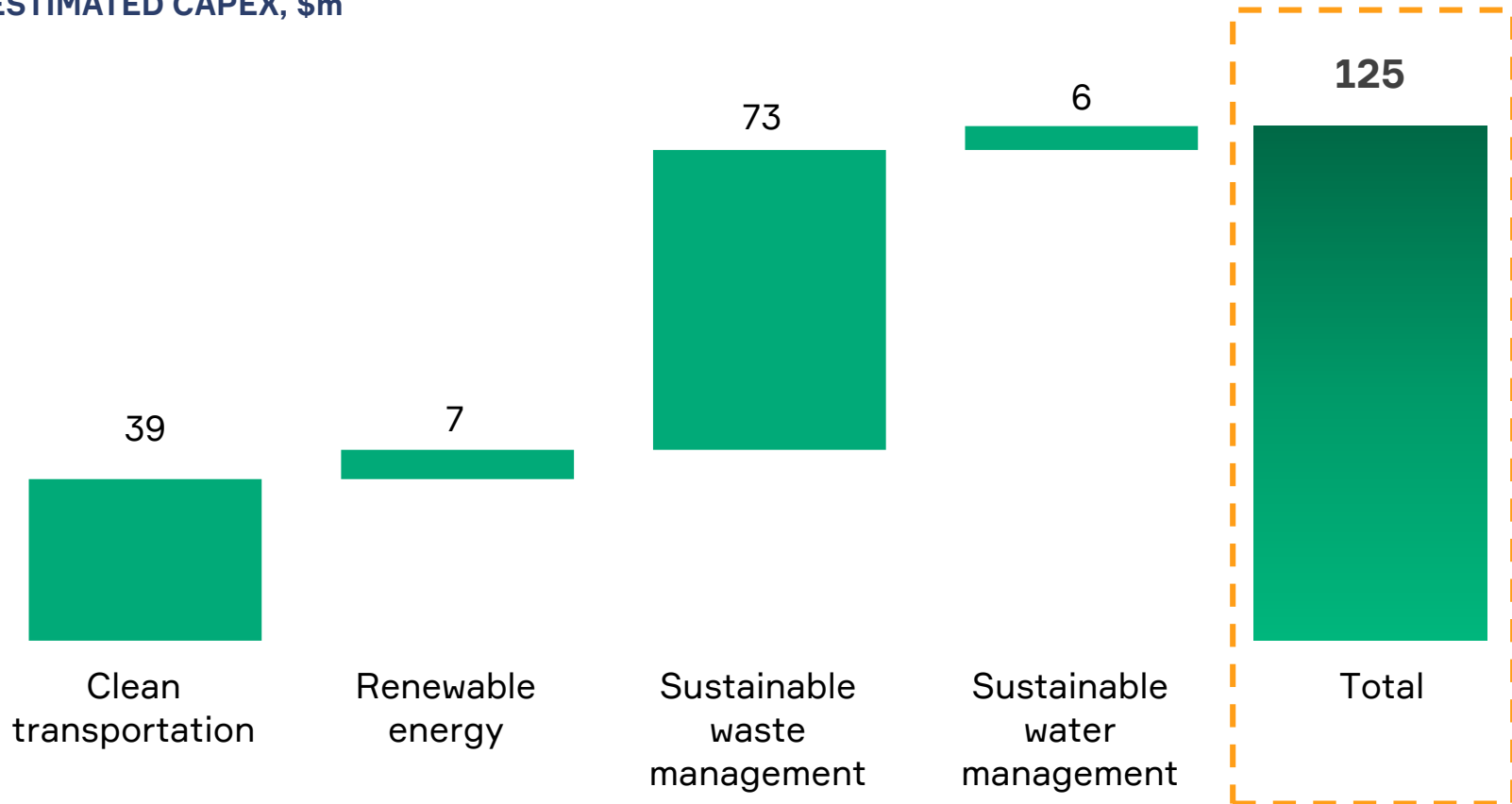
Eligible Project Category	Eligible Green Project	Mine site	2018	2019	2020	9m 2021	Total Allocated
Clean transportation	Electric excavators replacing diesel-fueled fleet	Komar	-	-	-	-	-
	Electric underground LHDs and trucks	Mayskoye	-	-	1.7	2.4	4.2
	Electric Rail-Veyor	Varvara	-	-	-	1.5	1.5
	Underground electric conveyer system	Mayskoye	-	-	7.9	11.8	19.7
Renewable energy	Solar power plant (2.5 MW)	Omolon	-	-	1.5	0.2	1.7
	Solar power plant (1.0 MW)	Svetloye	2.1	-	-0.0	-	2.1
	Wind power plant Unchi (100 kW)	Svetloye	0.2	0.1	-0.0	-	0.3

ALLOCATION REPORT

Eligible Project Category	Eligible Green Project	Mine site	2018	2019	2020	9m 2021	Total Allocated
Sustainable waste and water management	Reverse osmosis to improve discharge water quality	Voro	0.3	1.0	1.3	- 0.0	2.6
	Settling ponds upgrade	Albazino	0.0	0.0	0.7	0.4	1.1
	Water treatment facilities renovation	Dukat	-	0.1	0.1	0.2	0.3
Sustainable waste management	Dry storage facility	Omolon	0.0	1.3	9.1	5.5	15.9
	Dry storage facility	Nezhda	0.0	-0.0	2.0	3.7	5.7
	Dry storage facility	Dukat	-	0.1	0.2	0.5	0.8
	Dry storage facility	POX-2	0.3	0.3	0.6	1.2	2.4
	Dry storage facility	Voro	-	-	0.0	0.1	0.1
	Backfilling project (waste reuse)	Mayskoye	-	-	0.3	4.6	5.0
Total Allocated Proceeds, \$m			3.0	2.8	25.4	32.1	63.3
Total Unallocated Proceeds, \$m							61.7
Total Green Loan Amount to be allocated before 30 November 2022, \$m							125.0

TOTAL GREEN INVESTMENTS UNDER THE GREEN LOAN

ESTIMATED CAPEX, \$m



A landscape photograph showing a volcanic ash field. The foreground is dominated by a dense carpet of white, fluffy lichen or moss, interspersed with small, dark green and brown shrubs. In the middle ground, the ash field extends towards a line of sparse, dark green coniferous trees. The background features a range of low, rounded mountains under a cloudy, overcast sky. A semi-transparent dark blue horizontal band is overlaid across the middle of the image, containing the word "APPENDIX" in white, bold, sans-serif capital letters.

APPENDIX

IMPACT REPORT METHODOLOGY

- ▼ The report relates to the Societe Generale 2020 USD 125 million green loan. It provides information on the environmental benefits (“green impact”) of the eligible green projects.
- ▼ The approach presented in this report is consistent with Polymetal’s Green Finance Framework (“GFF”) which was developed in accordance with the ICMA Green Loan Principles.

Methodology:

Calculation methodology for the Annual GHG emissions reduction:

- ▼ calculation of annual fuel consumption of the replaced or analogue diesel-powered vehicles based on the fuel consumption intensity per hour multiplied by its running hours per year multiplied by the amount of diesel-powered vehicles replaces or avoided
- ▼ annual fuel consumption of the replaced or analogue diesel-powered vehicles *multiplied by* coefficient of tones of CO2 equivalent per 1 tonne of diesel

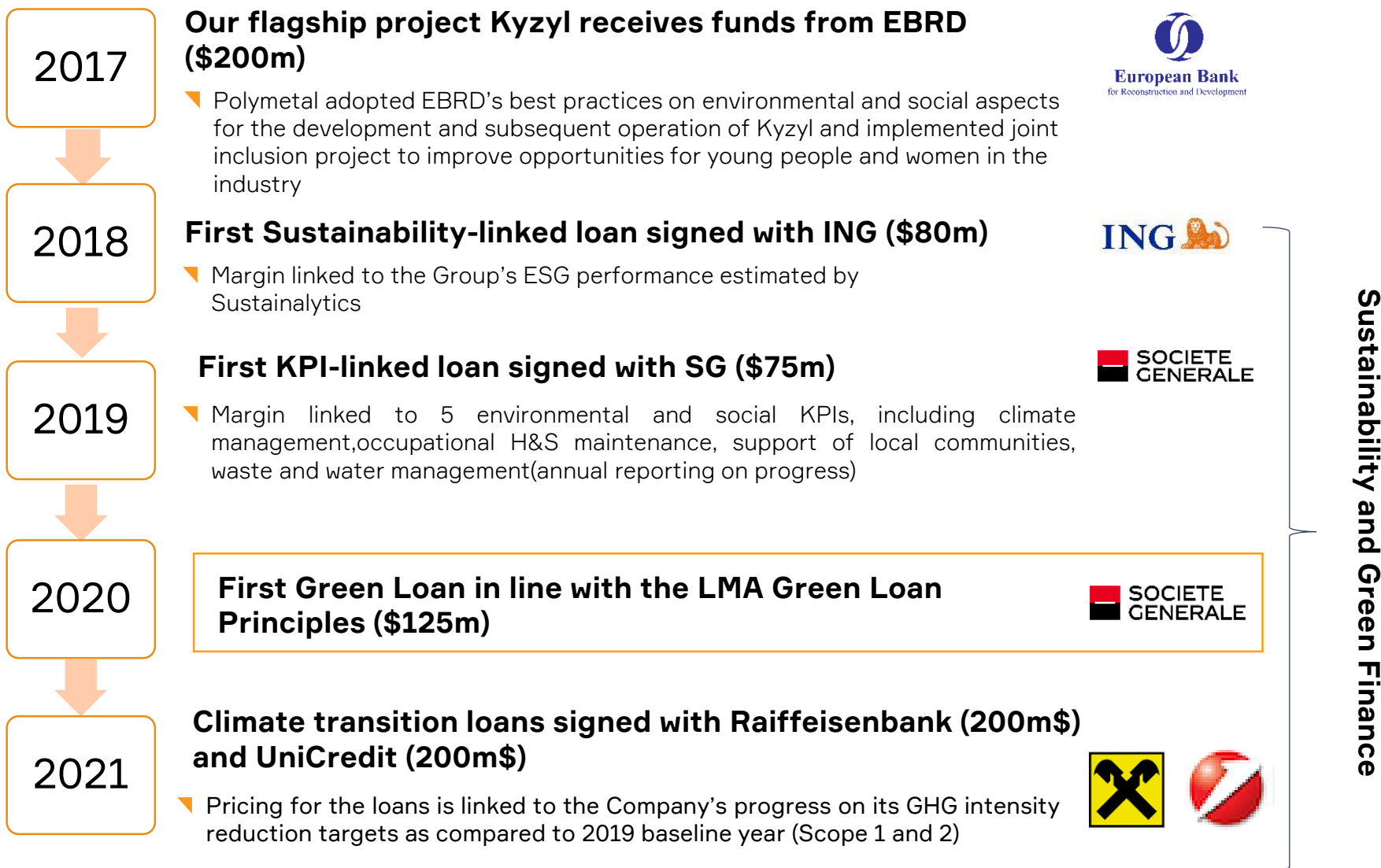
Calculation methodology for the land use volume reduction:

- ▼ if there is no data on the exact operation for comparison, we apply average difference in volume of tailing per 1000 t ore processed = 714 m³ of liquid and 588 m³ of dry = 18%.
- ▼ dry stacks at Omolon, Nezhda, Dukat are located on territories, previously used for tailings storages

All coefficients that were used to calculate GHG emissions avoided are from:

- ▼ Guidelines for the quantitative determination of greenhouse gas emissions by organizations operating in the Russian Federation, approved by the Ministry of Natural Resources of Russia and
- ▼ Guidelines for conducting a voluntary inventory of greenhouse gas emissions in the constituent entities of the Russian Federation, approved by the Ministry of Natural Resources of Russia.

LINKING BUSINESS BENEFITS AND SUSTAINABILITY GOALS



European Bank
for Reconstruction and Development



ESG RATINGS

RECOGNITION OF OUR EFFORTS TO DATE



- ▼ First and only Russian member
- ▼ 10% y-o-y score improvement



- ▼ 1st among 55 precious metals companies
- ▼ 100 percentile
- ▼ 4% y-o-y score improvement
- ▼ Score linked to the loan margin



- ▼ ESG score A- (improvement from B+)



- ▼ ESG rating A (improvement from BBB)
- ▼ Member of ESG Leaders index



- ▼ Overall Score: 4.4/5.0
- ▼ Governance: 5
- ▼ Pollution & Resources Score: 5
- ▼ Labour Standards Score: 5
- ▼ Climate Change Score: 4



- ▼ ESG score C+ (improvement from C)

ESG LEADERSHIP

RECOGNITION OF OUR EFFORTS TO DATE

- ▼ Polymetal was shortlisted for the **Best Communication of ESG** by IR Society Best Practice Awards 2020
- ▼ FTSE Russell reaffirmed Polymetal as a constituent of **FTSE4Good Index** Series with 4.4 score (out of possible 5) and 92 percentile following the June 2020 index review.
- ▼ Polymetal was awarded **Best Communication of ESG** by IR Magazine in the UK, where the Company was recognised for its long-term value creation across all communications with investors.
- ▼ Polymetal established **Women In Mining Russia** association for female empowerment, diversity and leadership
- ▼ Polymetal included in the **Sustainability Yearbook 2020**, the world's most comprehensive publication on corporate sustainability issued by S&P Global in collaboration with RobecoSAM.
- ▼ Polymetal is included in the list of **the largest 2,000 corporations** in the world by Forbes.
- ▼ Polymetal took the 1st place among metal and mining companies in a gender equality rating published by Forbes Women, being rated 12th of the 150 longlisted Russian companies.

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