

Procurement Policy

Introduction

This Procurement Policy (hereinafter referred to as the “Policy”) of Polymetal International plc (“Polymetal”) and its subsidiaries (together “the Group”, and each individually a “Group Company”) outlines principles, targets, tasks, and standards for planning, implementation and monitoring of the supply of materials, services, equipment and other material and technical resources.

Terms and Definitions

Material and technical resources – materials and equipment used for production, as well as services and works rendered by third parties.

Supplier – a person or entity, which is a party to a contract signed with the Group Companies, excluding contracts between Group companies.

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 ensuring the overall compliance of Group Companies with this Policy and the relevant internal policies and procedures of Group Companies regulating procurement activities, consistent with this Policy.

Throughout this Policy “we” refers to all employees of the Group, including all personnel and managers of all levels.

Procurement Policy covers the full scope of the procurement cycle and applies to all employees of the Polymetal Group businesses as well as suppliers and contractors.

1. Governance

Procurement Policy follow the principles that deliver value to the Group through the regional strategic sourcing and buying of goods and services for the Group’s operations. Our role is to ensure the right goods and services are delivered, safely, to the right location in time.

A supplier can only commence work after they have received a valid purchase order.

We measure and report procurement performance for all customers on a regular basis. We take action where required to correct and improve performance to meet customer expectations.

We competitively test material commitments to ensure that the Group obtains the best value available considering all relevant factors including safety, quality, delivery, specification, price, environmental and sustainability.

2. Procurement responsibilities

We maintain the following:

- consulting with internal customers to understand their needs and desired outcomes, to develop sourcing strategies appropriate to the goods or services being procured;
- developing strategies that meet short-term business requirements and long-term strategic outlooks;

- engaging subcontractors through one-off transactions, multi-year agreements or long-term strategic arrangements;
- engaging suppliers after consulting with customers to develop an appropriate sourcing strategy which we take to market;
- negotiating supply contracts on behalf of the Group based on customer responses;
- adopting a uniform procedure for the supplier contract process and provide standard terms of contract where possible;
- managing the commercial relationship with suppliers including contract management and administration activity.

As part of the contract management and administration function, we maintain the following:

- initiate supplier meetings and price reviews;
- monitor and update pricing indices relevant to the contract;
- review supplier performance at contract review intervals;
- collect and maintain insurance certificates;
- manage the contract expiry;
- maintain a database of contracts.

3. Supply chain

The Group's supply chain supports the purchase-to-pay process and responsible for:

- defining appropriate supply chain standards for the Group's operations;
- measuring and reporting supply chain performance;
- audits on warehousing and inventory management standards and processes;
- providing Total Cost of Ownership (TCO) advice to quantify supply chain options;
- providing risk assessments of supply chain capabilities by region, business unit or category;
- sponsoring supply chain improvement initiatives;
- managing outsourced warehouses and logistics providers.

4. Suppliers

Supplier expectations

We value suppliers who match our commitment to a sustainable supply chain, with a focus on safety, economic prosperity, social wellbeing, environmental issues and strong governance.

We recognise that significant socio-economic benefits can be achieved through sourcing products and services locally. We are committed to working with local community suppliers to ensure that they have opportunities to supply their products for our operations.

Group Companies expect that all suppliers align with our business objectives including:

- aiming to achieve zero injuries and zero fatalities in the workplace;
- enhancing value;
- increasing operating and/or energy efficiency;
- reducing and/or eliminating waste;
- are financially secure;
- are the direct manufacturer of goods, or an authorised agent/distributor;
- have competent personnel to support the goods and/or services supplied;
- maintain policies that support fair competition and integrity, require adherence to applicable laws, standards and regulations and prohibit giving or receiving bribes, with a process for ensuring compliance.

We expect our suppliers to conduct themselves in accordance with the Group's Supplier Code of Conduct. We also request that our suppliers ensure that Supplier Code of Conduct is applied downstream in their supply chain. Suppliers should ensure that their agents, contractors and suppliers are aware of this Code and its impact.

Supplier qualification

Supplier qualification involves obtaining sufficient evidence to ensure a supplier meets or exceeds the minimum standard to supply goods and services to the Group. This could include, without limitation, assessment of the following areas:

- quality management and professionalism;
- production capacity;
- previous experience and market reputation;
- financial strength;
- legal and information security.

5. E-trade

Polymetal considers electronic tools and e-trade platforms as the way we interact with suppliers and subcontractors. We actively use these tools in our daily business activities, including the bidding procedures.

We typically invite bids from prospective suppliers who are deemed by the Group to have the potential to meet award criteria and who are pre-qualified.

6. Competition

The Group is committed to the principles of free and fair competition.

Employees and contractors are expected to speak to a Group Company's lawyer if they are in doubt about the appropriate action to take.

The Group's standards and guidance notes for further detail and supporting references. What we expect from our suppliers and their personnel to comply with all applicable laws, regulations, rules, and orders relating to unfair competition and trade practices.

7. Selecting Suppliers

While selecting suppliers and carrying out transactions continuously, priority will be given to companies satisfying the following criteria:

- the company has the ability to supply goods and/or services to the Group with emphasis on appropriate quality, price and delivery lead-time.
- the company has sound business operations.
- the company is capable of providing a stable supply of goods and/or services. Also the company must have the flexibility to respond quickly to supply/demand fluctuations.
- the company possesses technology that contributes positively to the Group's products.
- the company has a plan for providing a continuing supply of goods and/or services in times of unexpected circumstances that may affect the company and its supply chain.

The company complies with laws, regulations and places emphasis on human rights and environmental consciousness.

8. Risk management

We work with suppliers and subcontractors to develop and deploy appropriate strategies to manage risk with respect to, but not limited to price, security of supply and contractual terms.

9. Bribery and corruption

The Group prohibits bribery and corruption in all forms and maintains a policy of zero tolerance towards bribery, fraud and corruption, as they are illegal and completely contrary to the principles to which we adhere.

In accordance with Anti-Bribery and Anti-Corruption Policy and with relevant laws and regulations, the Group shall:

- implement systems and controls that will detect and minimise the risk of bribery;
- make employees fully aware of its Anti-bribery Policy and create an anti-bribery culture based on the zero tolerance approach;
- provide appropriate mechanisms for employees to report suspected bribery or otherwise voice their concerns, and to protect those who do so.

The Group's top management is responsible for providing the tone from the top in the highest ethical business conduct to ensure that the principles set out by the Policy are enacted in the countries of operation of the Group Companies.

10. Confidentiality

We must always protect confidential information as well as the confidential information entrusted to us by others, including customers and suppliers.

All supplier information, including pricing, performance measurement, technical detail, is treated in the strict confidence and only used for the purpose for which it was provided. All Group's suppliers are required to respect and protect the intellectual property rights of the Group. Any Group's intellectual property that is provided to a supplier directly or indirectly may be used only for the purpose for which it is provided.

Policy Implementation

This Policy has to be considered together with the Supplier Code of Conduct, Anti-bribery and Corruption Policy, Group Code of Conduct and other applicable policies and procedures of Polymetal Group.

Group Companies retain sole responsibility for implementing and complying with the principles of this Policy. All Group Companies shall implement internal policies and procedures regulating procurement activities 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.

Breaches of the main principles of this Policy, as well as breaches of the relevant internal policies and/or procedures of Group Companies 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. The Group will not hesitate to terminate its relationships with third parties who have been found to be in breach of this Policy or other business ethics policies and procedures.

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

Review and Monitoring

The Policy has been approved by the Polymetal Board of Directors. The Safety and Sustainability 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 biannual review by the Committee to consider if it remains appropriate 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 Group's Trade House 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 team 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.