As a participant of the United Nations Global Compact, Petropavlovsk is committed to aligning strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals.
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MALAY MUKHERJEE

DEAR STAKEHOLDER,

I was delighted to join the board of Petropavlovsk in August 2020 and to take on the role of Chairman of the Safety, Sustainability and Workforce (SSW) Committee in December.

The role of the SSW committee is to review the group’s health, safety, environmental and community relations strategy and to evaluate the effectiveness of its policies and systems for managing sustainability performance and risks. The committee oversees this important area of the business and regularly assesses the group’s sustainability performance, sets the vision, and approves the necessary actions as well as engages with the wider workforce on behalf of the board.

In 2020, the committee’s primary focus was on reviewing the group’s response to COVID-19, ensuring that the health and safety of employees were its first priority and that local communities received appropriate support. A proactive response and comprehensive action plan have successfully made sure there were no material outbreaks within the group and as a result absolute minimal disruption to the group’s operations.

In 2021, the company is taking important internal steps to further strengthen all areas of sustainability performance, through new senior appointments, implementation of more stringent measures, and importantly a strategic review of all of our corporate sustainability KPIs, to track our progress and ensure we are well placed for continuous improvement. We are committed to improving our disclosures on addressing climate change, and it is our intention to adopt the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in 2021.

Petropavlovsk fully supports and is working towards the achievement of all 17 of the United Nations Sustainable Development Goals (SDGs). In particular, we have aligned our strategy to focus on five core goals: Goal 3 (Good Health and Well-being); Goal 4 (Quality Education); Goal 6 (Clean Water and Sanitation); Goal 9 (Industry, Innovation and Infrastructure) and Goal 15 (Life on Land) where we believe we make the most meaningful contribution as a business.

We continue to progress towards these goals, and in particular with regard to health and wellbeing, are now making important steps towards improving our group-wide safety culture. This will include the development of a health and safety maturity matrix, in addition to our current LTIFR reporting, to improve how we measure our performance. This will include progression to the Bradley Curve in our reporting, which will help us to benchmark our safety progress.

Fostering educational development both within the group and among our local communities remains a key priority for the company, and we are fortunate to be able to provide our employees with access to training opportunities at the Pokrovsky Mining College, as well as support the development of the next generation of mining professionals with internships and work experience schemes. In our approach to innovation, we have access to a network of laboratories and highly skilled specialists, and in particular our expertise in pressure oxidation technology, with our scientific research centre in St. Petersburg.

Responsible water management is a highly significant issue for our industry. Despite our relatively low risk to water stress, we remain vigilant in ensuring responsible water usage and reporting. In 2020, the group completed the CDP Water Security questionnaire, and received a score of B- for our approach. An external environmental review is planned for the second half of 2021, and this will include an assessment of current water management and treatment practices.

We are conscious of the impact of mining operations on our surrounding environment, and we strive to ensure that the biodiversity and local wildlife habitats are protected for future generations at all stages of the mining lifecycle, and biodiversity management plans are implemented at all of our operations.

On behalf of the board, I would like to express my heartfelt gratitude to all of our colleagues and stakeholders for their support for the business over this most challenging and turbulent period. Our focus for 2021 is on ensuring that the business is well placed for its future sustainable development and growth.

In 2021, the company is taking important internal steps to further strengthen all areas of sustainability performance.

Malay Mukherjee
Chairman of Safety, Sustainability and Workforce Committee
DEAR STAKEHOLDER,

At Petropavlovsk, we are convinced that the future growth of our business for all stakeholders will only be delivered in a sustainable and responsible manner. Sustainability principles are integral to how we operate and how we engage with our employees, our local communities and our surrounding environment.

When I joined the company, my first step was to launch an operational review of our business, taking into account all aspects of our activities, and a review of our sustainability performance and principles was integral to this process.

In 2020, the business was able to withstand the COVID-19 pandemic well, without any outbreaks or substantial internal disruption, and coped well with external changes. We quickly introduced new measures to protect the health and safety of our personnel. Our employees adapted admirably to new ways of working, and it is as a result of their hard work that the business was able to continue without major pandemic-related disruption.

Petropavlovsk has an excellent, and highly qualified team, and I am impressed by the commitment of our people. However, early findings from the operational review point to a need for certain improvements to be made in certain aspects of how we run our business and improve our reporting and transparency.

First and foremost, we must improve our safety performance, and it is our aim to build a more advanced health and safety system, with more rigorous incident reporting. Critically, there must be a greater focus on building a culture of safety within our business underpinned by clear cardinal safety rules. We have already identified key areas to address and our recently appointed Head of Health and Safety Roman Dertinov has developed a roadmap to bring our health and safety management and reporting system under compliance with ISO 45001 and ICMM principles.

We are also committed to enhancing our human resource management, and invest in employee training and development, to ensure that our staff benefit from continuous improvement. In March 2021, we welcomed new group-wide Head of HR & People Development Svetlana Chekalova, who has put together a team to review, update, and roll out unified corporate HR policies and standards.

Furthermore, in 2020, over 1,500 employees received training at our Pokrovsky Mining College, and it is our intention to continue providing our employees at all levels with opportunities for career development, regardless of their qualifications.

With regard to business ethics, we are already identifying areas of working more sustainably with support of the historically significant Albasino archaeological programme, which is of great importance to the region. It is our full intention to continue supporting these programmes, along with other significant matters for our local stakeholders. We also respect the rights of our local Indigenous community, and endeavour to support them in their socio-economic development, while upholding their culture and traditional lifestyle. In 2020, the Albyn mine extended its agreement with its local Indigenous community, an arrangement under which Petropavlovsk has committed to support the community by way of a transparent framework, which enables them to identify priorities for development and preserve their native language for future generations.

I am pleased with the recognition that the company has received to date, with our inclusion in the FTSE4Good Index Series in late 2020 and improved rankings in leading ESG indices, including FTSE Russell and Sustainalytics, as well as an improved transparency rating among Metals & Mining companies from WWF Russia.

Petropavlovsk remains a committed member of the UN Global Compact initiative and continues to uphold its ten leading principles for sustainable development. In December 2020, we joined the UN SDG Ambition Accelerator, to help us assess our current performance, and identify risk and priority areas for action as we work towards the achievement of the SDGs. Petropavlovsk assessed two benchmarks as part of the programme: Gender balance at all levels and science-based emissions reduction in line with a 1.5°C pathway.

Lastly, we are excited to be developing a strategy for growth, to be finalized later in 2021; our strategy will demonstrate that our plans for growth are very much underpinned by our long-term sustainable commitments and focus on providing value for all stakeholders in a responsible manner.

I very much look forward to updating you on our progress.

Denis Alexandrov
CEO
Petropavlovsk has embarked on an ambitious programme to strengthen leadership and controls across the group aimed at unlocking the value for all stakeholders. The performance achieved in 2020 is highlighted below.

**SUSTAINABILITY**

**LTIFR**
- **2020:** 1.50
- **2019:** 1.61

**TOTAL HEADCOUNT**
- **2020:** 8,860
- **2019:** 9,080

**GENDER DIVERSITY**
- **2020:** 26.0%
- **2019:** 24.9%

**CARBON INTENSITY**
- **2020:** 0.82 tCO₂ e/oz
- **2019:** 0.88 tCO₂ e/oz

**OPERATIONAL**

**TOTAL GOLD PRODUCTION**
- **2020:** 548.1 koz
- **2019:** 517.3 koz

**MINERAL RESOURCES**
- **2020:** 19.50 Moz
- **2019:** 21.03 Moz

**FINANCIAL**

**GROUP REVENUE**
- **2020:** US$988.5 m
- **2019:** US$741.6 m

**UNDERLYING EBITDA**
- **2020:** US$350.7 m
- **2019:** US$264.8 m

**CAPITAL EXPENDITURE**
- **2020:** US$117.8 m
- **2019:** US$103.8 m

**SUSTAINABILITY HIGHLIGHTS**

**MAJOR ENVIRONMENTAL INCIDENTS**
- **2020:** 0
- **2019:** 0

**RECYCLED AND REUSED WATER**
- **2020:** 91%
- **2019:** 91%

**WATER DISCHARGE**
- **2020:** 0
- **2019:** 0

**FOSSIL FUELS REPLACEMENT**
- **2020:** 50%
- **2019:** 46%
In addition to 3 large-scale mining centres, the company’s flagship asset is the POX Hub, which is unique in its ability to process a wide variety of refractory gold concentrates. A more detailed group at a glance section is available in the Petropavlovsk annual report 2020.
Our strategy is driven by our vision to become a leading Russian gold producer through the application of advanced technologies that unlock value from refractory gold ores. To do this safely, sustainably and for the benefit of all stakeholders. Improving the group’s governance and culture remains a priority for 2021 and beyond.

Our strategic priorities are underpinned by our culture and values (see page 13).

**STRATEGIC PRIORITIES**

- Derive maximum value from our gold reserves and resources.
- Unlock the value potential of our Pox Hub.
- Optimise costs and operational efficiencies.
- Strengthen the balance sheet and increase liquidity.
- Continuously improve sustainability practices.
HOW WE LEVERAGE OUR RESOURCES

NATURAL
We mine refractory and non-refractory gold. Processing uses electricity generated by hydropower and surplus water is available in the region.

INTELLECTUAL
Our institutes are responsible for the innovative design of the group’s processing plants.

WHAT WE DO

EXPLORATION & EVALUATION
Explore and appraise commercially viable gold deposits

MINING & DEVELOPMENT
Mining and development enables us to maintain and grow production

TECHNOLOGY
Petropavlovsk is recognised for its successful implementation of pressure oxidation technologies

HOW WE DO IT

WE HAVE A TRACK RECORD OF REPLACING RESOURCES THROUGH EXPLORATION

OUR EXPERIENCE ENABLES OPTIMAL ORE EXTRACTION FROM OUR MINES

THE GROUP’S EXPERTISE IN PRESSURE OXIDATION IS GUIDED BY NIC GYDROMETALLURGIA, A SCIENTIFIC RESEARCH CENTRE

SHORT-TERM EVOLUTION OF BUSINESS MODEL DUE TO COVID-19

IMPLEMENTATION OF PREVENTATIVE HEALTH AND SAFETY MEASURES AT ALL OPERATIONS

IMPLEMENTATION OF PREVENTATIVE HEALTH AND SAFETY MEASURES AT OUR OPERATIONS AND ACCELERATION OF CERTAIN DEVELOPMENT PROJECTS TO MEET ORIGINAL DEADLINES

IMPLEMENTATION OF PREVENTATIVE HEALTH AND SAFETY MEASURES AT ALL OPERATIONS

THE VALUE CREATED

COMMUNITIES
US$0.7m
OF SOCIAL INVESTMENT
We support the community through education, financial assistance, local procurement and improvements to infrastructure

GOVERNMENTS
US$56.5m
PAID IN INCOME TAX
Petropavlovsk is one of the major taxpayers in the Amur region

Sustainability Report 2020
Our business model was designed to implement our purpose of using our technical skill set and mining capabilities to benefit all stakeholders, with sustainable development embedded at every stage of the mining lifecycle, from identifying prospective areas to exploration, development, mining and processing.

**SOCIETY**
Through technical education we contribute to the socio-economic environment of the region and develop a pipeline of local talent

**HUMAN**
Many of our skilled workforce team were trained at our own mining college

**OPERATIONAL**
Our capabilities span exploration, construction, mining and engineering

---

**PROCESSING**
Effective processing enhances recoveries and gold production

**PRODUCTION**
We produce gold doré to send to refineries for smelting into bullion

**MINE CLOSURE & REHABILITATION**
Ensures the sustainability of mining operations

---

**WHAT WE DO**

Effective processing enhances recoveries and gold production

We produce gold doré to send to refineries for smelting into bullion

Ensures the sustainability of mining operations

---

**HOW WE DO IT**

The group can extract gold from both non-refractory and a variety of refractory ores

All doré produced is sold to banks in Russia or exported

Mine closure planning is integrated into the asset life cycle

---

**SHORT-TERM EVOLUTION OF BUSINESS MODEL DUE TO COVID-19**

Implementation of preventative health and safety measures at all operations

Obtaining necessary licences to export doré to both Switzerland and the UK

No impact

---

**EMPLOYEES**
US$93.1m
Paid in Wages and Salaries

Petropavlovsk’s average salary in the Amur region is US$903.5 per month which compares to an average of US$726.9 in the region

**SUPPLIERS**
US$434.4m
Total paid to suppliers

67% of Russian procurement is derived from local suppliers

**INVESTORS**
155%
Gain in Share Price during 2020

US$58.1m paid in interest
OUR CULTURE AND VALUES

OUR CULTURE

INCLUSIVE
We must seek to foster a culture of promoting by ability, respecting the individual, and appreciating diversity.

SELF-RELIANT
Through its subsidiaries, Petropavlovsk has dedicated exploration, construction, technical R&D, engineering, mining and analytical capabilities.

CREATIVE
Creativity and problem solving have been part of our history. Our research & scientific institutions are a key differentiator of the group.

REWARDING
Showing appreciation for achievement, whether professional or private, to reflect the value we place on our employees and the effort made by each team member.

ENABLING
The success of our company is ultimately based on our employees having their successful careers. Their progression and advancement are key for the group.

OUR VALUES

RESPONSIBILITY
Responsible practices are a key priority. We aim to operate safely, efficiently, and transparently, continually seeking new ways to ensure an injury-free workplace.

INNOVATION
We challenge ourselves and others to constantly look beyond the latest scientific and engineering developments worldwide.

INTEGRITY
Honest communication, sound business ethics and respect for people are the foundation of good business. We aspire to deal with all our stakeholders in a respectful, responsible way.

EXCELLENCE
We are focused on delivering results and on doing what we say we will do.

DIVERSITY
We strive for excellence and recognise that our differences make us stronger.
**COVID-19**

**COMPREHENSIVE ACTION PLAN**

The company has proactively responded to COVID-19 developments to protect the health and wellbeing of all its employees as well as the communities within which they operate. As a result of these actions, no material COVID-19 outbreaks have occurred at our operations so far. The company remains vigilant regarding the potential for new variants of the virus to appear and, at the time of writing, is encouraging employees to participate in the Russian government’s free vaccination programmes.

Read more about the COVID-19 pandemic, its short-term impact on our business model on pages 11-12, as a principal sustainability risk on page 15 and health and safety on page 28.

**EMPLOYEE AND COMMUNITY ACTIONS TAKEN TO DATE:**

- Strict precautionary procedures in place at all production sites;
- Mine shift pattern adjustments to lower frequency of new teams arriving onsite;
- Employees and contractors must undertake 14 days quarantine upon arrival from other regions;
- At least two rounds of COVID-19 testing for all employees (1) upon arrival to site for quarantine (2) prior to start of each shift, with additional testing carried out if required;
- Daily check of staff temperature at start of each shift;
- Designated quarantine zones house individuals showing any flu symptoms;
- Restricted contact between employees not connected by common production process at the mines and during shift changes;
- All transport, public places (e.g. dining areas, kitchens), utensils and food undergoes thorough disinfection and cleaning;
- Purchase and distribution of PPE and disinfectants;
- Raising awareness on symptoms, prevention and personal precaution measures;
- Local community support with distribution of masks and hand sanitiser among local businesses; and
- The company is actively encouraging and assisting its employees to participate in the Russian government’s free vaccination programme, including raising awareness of the programme, offering financial and other incentives, and working with local medical institutions to organise on-site vaccination days.

**Emergency response team established to detect and limit possibility of the virus affecting the group’s operations.**

- Response team includes representatives from each of the group’s businesses in Russia.
- If necessary, the response team works with local authorities.

**Continuous monitoring of potential impact virus may have on the welfare of employees, communities and operations.**

**No material COVID-19 outbreaks occurred at our operations in 2020.**

- All affected employees have been self-isolating or receiving medical care.

**Minor supply chain / logistical delays, with ongoing monitoring and all necessary precautions in place to ensure business continuity.**

- Supply channels remain functional with production inputs / materials mainly sourced within Russia.
- The company secured the necessary licences to enable it to export gold to both the UK and Switzerland to mitigate interruptions to exports caused by air travel restrictions.

**Risk mitigation strategies focused on protecting all employees.**

- Provision of regular medical advice to prevent infection / spread.
- Thorough reporting culture of any infection or illness.
- Appropriate resourcing to medical facilities across the group.

**TATIANA TURBOVA, PARAMEDIC AT THE POKROVSKY MINE:**

“Working in isolation, the most difficult thing was not to miss something. All COVID-19 symptoms are known, but over 200 people were placed in the temporary accommodation at the same time, with each of them having different immunities. If you fail to notice an alarm bell, a sick person will leave for the mine and all work there has to stop. We are therefore responsible for both people and production. We are very grateful to the management of the Pokrovsky Mining College and to JSC Pokrovsky Rudnik. Masks, gloves, medicines, any organizational issues - in fact everything - is resolved promptly on first request.”

Petropavlovsk’s medical service has been at the forefront of the struggle against the impact of COVID-19. To protect the employees and community, temporary on-site accommodation was organised at many of the company’s operations. Doctors, paramedics and nurses lived in isolation together with shift workers during their two weeks of quarantine to monitor their health. Their experience and professionalism has been key to ensuring the stable performance of the group’s operations.
SUSTAINABILITY GOVERNANCE

BOARD ROLE
At Petropavlovsk we believe that ensuring high levels of economic, environmental and social performance contributes to increased stakeholder value. Governance plays a central role in defining the level of ambition on the sustainability goals for the company.

Sustainability matters are governed via a robust framework (as demonstrated below) to ensure the responsible management of health, safety, environmental and social issues. Established reporting systems enable adequate assessment and communication of performance, concerns and progress.

The board sets the tone from the top and is ultimately responsible for leading and overseeing the sustainability practices at Petropavlovsk. The safety, sustainability & workforce (SSW) committee oversees the sustainability matters and ensures that the company consistently exhibits and promotes ethical, transparent and responsible behaviour, engages with its key stakeholders and communities and contributes to the development and growth of healthy and sustainable local communities. The Chairman of the SSW committee regularly reports to the board.

The sustainability matters that fall within the scope of SSW committee are:
- Health and safety;
- Environmental, including water management and climate change;
- People and assets security management, including business resilience;
- Social and community relations; and
- Decisions and actions that may have impact on the reputation of the group.

MANAGEMENT ROLE
It is the role of management to oversee the implementation of the sustainability strategy at operational level and ensure the continuous improvement of environmental, safety and corporate social responsibility practices.

At operational level, an integrated delivery of sustainability objectives is led by the CEO and is delegated to multiple departments.

Monthly management reports are prepared by the executive committee for the board and more detailed quarterly reports are presented to the SSW committee. Sustainability targets are embedded into executive remuneration.

For more detailed information on corporate governance please go to page 82 of our annual report 2020.

SUSTAINABILITY RISK MANAGEMENT
Risk management is a fundamental to sustainable governance systems. The group has a risk management system in place which operates on a ‘top-down’ and ‘bottom-up’ basis throughout the organisation, integrating differing roles and responsibilities at various levels.

The group aims to promote a risk-aware culture among all its employees, including those directly engaged in day-to-day operations, thus facilitating the company’s timely response to changes in the business environment.

Our sustainability risks are integrated into a corporate risk management system. Sustainability risks are regularly identified, assessed, and monitored under this system. Petropavlovsk identified a list of 14 principal corporate risks, and these include the following sustainability-related risks:

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<th>Risk</th>
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<tr>
<td>Environment</td>
<td>If the group were to be involved in a major environmental event, such as but not limited to pollution, potential impacts could include fines and penalties, statutory liability for environmental redemption and other financial consequences that might be significant.</td>
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<td>New diseases and epidemics (including COVID-19)</td>
<td>COVID-19 or other pandemics could have a significant impact on the group’s business, threatening the health of employees and communities. An outbreak of the virus might result in the shutdown of the mines and plants.</td>
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<td>Health and safety</td>
<td>A certain number of the group’s operations are carried out under potentially hazardous conditions. Group employees may become exposed to health and safety risks which may lead to work-related accidents and harm to the group’s employees. These could also result in production delays and financial loss.</td>
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<td>Human resource risks</td>
<td>A lack of skilled employees and potential loss of key personnel could have a negative impact on productivity, safety level and labour cost.</td>
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For more detailed information about our corporate risk management, see section on principal risks of the annual report 2020 (pages 68-74)
ROLES AND RESPONSIBILITIES OF THE BOARD ON SUSTAINABILITY MATTERS

### BOARD OF DIRECTORS

The purpose of the board is to promote the long-term sustainable success of the company generating value for shareholders and contributing to wider society. It is among the board’s responsibilities to:

- Establish the company’s purpose, values and strategy, ensuring these and its culture are aligned;
- Establish a framework of prudent and effective controls, which enable risk to be assessed and managed;
- Ensure that workforce policies and practices are consistent with the company’s values and support its long-term sustainable success;
- Ensure effective engagement with, and consider balance of interest between, shareholders and other stakeholders; and
- Approve the group’s policies in setting out its code of business conduct and ethics, anti-bribery and corruption, sustainable development including health & safety, environmental, social responsibility and community relations matters and whistleblowing.

### COMMITTEES

<table>
<thead>
<tr>
<th>COMMITTEES</th>
<th>ROLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSW COMMITTEE</td>
<td>- Promotes, supports and monitors sustainable development; - Advises the board on best practices and requirements of regulatory bodies for sustainability matters; - Reviews sustainability risks; and - Engages with the workforce and communicates their views to the board.</td>
</tr>
<tr>
<td>REMUNERATION COMMITTEE</td>
<td>- Designs remuneration policies and practices to support strategy and promote long term sustainable success; - Approves targets and measures for variable remuneration for executive directors, including sustainability targets; and - Reviews workforce remuneration and related policies.</td>
</tr>
</tbody>
</table>

### CHIEF EXECUTIVE OFFICER

- Bears the main responsibility for running the group and executing strategy; and
- Develops group’s objectives and strategy regarding the group’s responsibilities to its stakeholders and long-term sustainability.

### CHAIRMAN

- Leads the board ensuring effectiveness; and
- Ensures an appropriate balance is maintained between the interests of shareholders and other stakeholders.

### AUDIT COMMITTEE

- Receives reports relating to compliance, whistleblowing, anti-bribery and corruption; - Reviews the group’s arrangements, systems and controls; and - Monitors the effectiveness of systems of risk management and internal controls.

### NOMINATIONS COMMITTEE

- Evaluates the skills, knowledge, diversity and experience of the board; and
- Makes recommendations on diversity and inclusion policy.
The group is committed to maintaining positive relationships with all stakeholders. We consider all persons or groups that are directly or indirectly impacted by the group’s operations to be our stakeholders. New stakeholders are regularly identified and included in the consultation process.

Knowing our stakeholders’ opinions and concerns helps us set our priorities, identify potential opportunities and areas of improvement. In 2020 we conducted a perception study among our fixed and equity income investors followed by a materiality study extended to all stakeholders in early 2021. Following these interactions we were able to identify some key areas of focus, including human capital development, corporate governance, and ethical business practices.

**Engagement with our key stakeholder groups in 2020**

**Capital Markets**

**Why they are important**
Investors, shareholders and capital providers are essential for the future growth, sustainability and long-term value. By having effective engagement processes, we are able to ensure that there is a full spectrum of information available for their decision-making process and to build their trust in the future of Petropavlovsk.

Robust engagement is also paramount to ensure our cost of capital truly reflects the value of the company.

**Material topics:**
- Corporate governance;
- Climate change;
- Operational efficiency; and
- Financial performance.

**Engagement channels:**
- AGM;
- Annual report;
- Investor conferences;
- Conference calls and meetings;
- Perception study;
- Materiality survey; and
- Company website.

**Who is responsible:**
- Board of directors;
- CEO;
- IR department;
- PR department; and
- Sustainability team.

**2020 results:**
- Inclusion into FTSE4Good UK Index;
- Participation in CDP 2020 Disclosure;
- Successful listing on Moscow Exchange;
- 155% gain in share price; and
- Appointing KPMG to undertake the forensic review pursuant to Resolution 19.

**Employees**

**Why they are important**
Our people are our most valuable asset and we believe investing in our employees delivers long term rewards in the form of a skilled and loyal workforce. Our employees’ experience and expertise is a major driver of the group’s successful operation. The health and safety of our employees and contractors remains our number one priority and we are constantly seeking new ways to achieve a zero-harm workplace.

**Material topics:**
- Health & wellbeing;
- Employment practices;
- Human capital development;
- Operational performance; and
- Innovation & technology.

**Engagement channels:**
- Website and Intranet;
- Corporate newspaper;
- Sustainability report;
- Social media;
- Trade union;
- Meetings with management; and
- Employee survey.

**Who is responsible:**
- Welfare and community liaison team;
- HR department;
- H&S department; and
- Managing directors.

**2020 results:**
- Zero work-related fatal injuries;
- LTIFR of 1.50;
- Effective COVID-19 mitigation measures; and
- 11 issues of corporate newspaper.

**Business partners**

**Why they are important**
Our suppliers and contractors are essential for our operations and business. Responsible supply chain management is an important element of achieving continuous sustainable development.

**Material topics:**
- Environmental compliance;
- Water stewardship;
- Employment practices;
- Health & wellbeing; and
- Local communities.

**Engagement channels:**
- Direct correspondence;
- Meetings and calls;
- Contractual relationships; and
- Materiality survey.

**Who is responsible:**
- Managing directors;
- Chief engineers; and
- Procurement department.

**2020 results:**
- Raised awareness on modern slavery covering over 70% of suppliers by spend; and
- 67% of local procurement.
LOCAL COMMUNITIES, INCLUDING INDIGENOUS COMMUNITIES

WHY THEY ARE IMPORTANT
Building long-term relationships with local communities, local residents and NGOs is important to us. We aim to engage in an open and transparent manner to ensure that we maintain our social license to operate.

MATERIAL TOPICS:
- Local communities;
- Environmental compliance;
- Waste management;
- Employment practices; and
- Human capital development.

ENGAGEMENT CHANNELS
- Public consultations;
- Corporate newspaper;
- Social media and company website;
- Social and charity activities;
- Site visits;
- Grievance procedure; and
- Materiality survey.

WHO IS RESPONSIBLE
- Welfare and community liaison team; and
- Regional office.

2020 RESULTS
- 66% of our employees are from local communities;
- US$0.7 million of social investment; and
- 6 community consultations.

GOVERNMENT AND INDUSTRY AUTHORITIES

WHY THEY ARE IMPORTANT
Good relations with national and regional governments are required for our social licence to operate. We recognise our socio-economic influence as one of the major employers and taxpayers in the Amur region.

MATERIAL TOPICS:
- Local communities;
- Environmental compliance;
- Ethical business practices;
- Human capital development;
- Employment practices; and
- Health & wellbeing.

ENGAGEMENT CHANNELS
- Meetings;
- Industry conferences;
- Direct correspondence;
- Company website;
- Circulation of information (brochures, factsheets, leaflets, etc.); and
- Materiality survey.

WHO IS RESPONSIBLE
- CEO;
- Managing directors;
- Welfare and community liaison team;
- Legal team;
- GR team; and
- Environmental safety team.

2020 RESULTS
- 0 environmental fines;
- 0 licence violations;
- 6 public consultations held; and
- US$90.8 million taxes paid.

MEDIA

WHY THEY ARE IMPORTANT
Media is an important partner and intermediary in engaging with other stakeholder groups, so a strong relationship with the media is crucial for building our relationships with other stakeholders.

MATERIAL TOPICS:
- Operational performance;
- Innovation & technology;
- Impact of COVID-19;
- Environmental compliance; and
- Health & wellbeing.

ENGAGEMENT CHANNELS
- Regular media interviews;
- Engagement in media activities;
- Social media;
- Social and charity activities;
- Site visits; and
- Materiality survey.

WHO IS RESPONSIBLE
- Board of directors;
- CEO;
- PR department; and
- Welfare and community liaison team.

2020 RESULTS
- 63 press-releases published, 80% increase as compared to 2019, to inform on all important aspects of AGM, RGM, corporate and governance issues.
At Petropavlovsk we regularly assess the sustainability-related topics that present the greatest risks and opportunities for the business and can have a meaningful impact on value creation, as well as engage with key stakeholder groups to ascertain their views and obtain direct feedback. Our materiality analysis helps us identify how we can provide the most value, allocate appropriate time and resources, and improve our non-financial reporting.

Our methodology to identifying these material topics has been developed using GRI guidelines and the learnings from conducting this assessment previously. It also reflects our corporate culture and the context of our work. We identified more than 50 material issues taking into consideration significant organisational impact, stakeholders’ expectations, broader sustainability trends and industry-specific topics. These issues were classified into 16 relevant topics, aligned with the UN Sustainable Development Goals (SDGs).

This year, we extended the scope of our materiality assessment to cover all key stakeholder groups, who were asked to rank the significance of each topic and include additional topics they viewed as important. We included additional questions to help us better understand the perceptions of our stakeholders, the level of ambition we should pursue on sustainability matters and the overall quality of our sustainability communication.

Stakeholder feedback was collected via an online survey and each issue was ranked according to its relative importance on a three-point scale based on assessment of aggregate feedback. In addition, a perception study was conducted among fixed income and equity investors.

Results showed that human capital development, health and wellbeing and ethical employment practices are of greatest importance for our employees, while compliance with environmental legislation, employment practices and waste management are of highest priority to our local communities. Key priority topics for shareholders are corporate governance and the business’ economic performance.

### TOPIC

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>KEY ISSUES INCLUDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td>GHG emissions, energy, air pollution</td>
</tr>
<tr>
<td>Waste management</td>
<td>Mineral and non-mineral waste management, cyanide management, recycling</td>
</tr>
<tr>
<td>Water stewardship</td>
<td>Water withdrawal, water consumption, water re-usage, pollution</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>Flora &amp; fauna, natural resources, land restoration</td>
</tr>
<tr>
<td>Environmental compliance</td>
<td>Compliance with environmental laws and regulations</td>
</tr>
<tr>
<td>Health &amp; wellbeing</td>
<td>Health &amp; safety, wellbeing, emergency preparedness &amp; response</td>
</tr>
<tr>
<td>Employment practices</td>
<td>Diversity &amp; inclusion, equal opportunities, non-discrimination, freedom of association and collective bargaining, working conditions, wages &amp; benefits, employee engagement</td>
</tr>
<tr>
<td>Human capital development</td>
<td>Training &amp; education, opportunities for young people, talent acquisition and retention, developing industry skills</td>
</tr>
<tr>
<td>Local communities</td>
<td>Community engagement, engagement with indigenous peoples, indirect economic benefits, social investment, volunteering</td>
</tr>
<tr>
<td>Responsible procurement</td>
<td>Supplier relationships, supplier screening &amp; assessment, supply chain management</td>
</tr>
<tr>
<td>Ethical business practices</td>
<td>Anti-bribery &amp; corruption, human rights, modern slavery, transparency &amp; reporting</td>
</tr>
<tr>
<td>Impact of COVID-19</td>
<td>Impact of COVID-19 on the group’s employees, its operations &amp; supply chain</td>
</tr>
<tr>
<td>Socio-economic development</td>
<td>Compliance and taxation</td>
</tr>
<tr>
<td>Governance</td>
<td>Governance structure, sustainability governance</td>
</tr>
<tr>
<td>Economic performance</td>
<td>Economic and operational performance, efficiency</td>
</tr>
<tr>
<td>Innovation &amp; technology</td>
<td>R&amp;D, use of modern technologies</td>
</tr>
</tbody>
</table>
Sustainability Report 2020

STAKEHOLDER PRIORITY ASSESSMENT

The material topics identified as high priority will be used to inform our sustainability strategy and drive changes to unlock value for all of our stakeholders.

ABOUT THIS REPORT

This year, we decided to publish a separate Sustainability Report to provide a ‘home’ for sustainability content, consolidating all the relevant information in a single document for the convenience of interested parties. The report covers the main material sustainability issues in 2020 and includes our first annual Communication on Progress (CoP) to the UN Global Compact.

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, and independently verified by Wardell Armstrong International (more information on page 49). The process of putting this report together involved the creation of a dedicated sustainability report working group, conducting a materiality assessment and the collection and analysis of data on sustainability and social performance of Petropavlovsk. As a responsible miner, we strived to ensure that this report is focused on the most material topics for the business, is transparent and complete and the data provided in the report is accurate and reliable. The report endeavours to provide a meaningful and comprehensive update on the group’s sustainability activities and performance, and outline our targets going forward. This report was approved by the SSW committee and the board of directors of Petropavlovsk PLC.

Petropavlovsk reports on its sustainability performance on an annual basis and encourages any feedback or questions to be addressed to: sustainability@petropavlovskplc.com

The reporting boundaries used for the report include Petropavlovsk’s operating assets and entities consolidated within the group, unless stated otherwise. Total employee numbers are reported at group level. From an environmental indicator perspective, data primarily covers the direct impacts from Petropavlovsk’s mining and service activities. Non-managed joint ventures are excluded from this report.
UN SUSTAINABLE DEVELOPMENT GOALS

Whilst we recognise the importance of all 17 United Nation’s Sustainable Development Goals (SDGs), we have identified five particular goals, which we believe are most relevant to our company, and where we consider the company has not only the best opportunity to maximise its positive contribution but also to minimise its negative impact. This year we continued to focus on the five goals presented below and identified specific targets that are relevant to our company.

In December 2020 Petropavlovsk joined the UN SDG Ambition Accelerator - a global 6-month programme aimed at helping companies to assess current performance, identify risk areas and take ambitious business action towards achieving the SDGs.

We maintain healthy workplaces and actively promote wellbeing among all our stakeholders. The commitment to this goal for us is also about looking after our most valuable asset: our people. Our ultimate aspiration is to achieve zero harm – an ambitious target that’s driving continuous improvement in our processes.

- 7% reduction in LTIFR;
- US$ 55,417 provided to support local youth football league;
- Site-based vaccination against tick-borne encephalitis;
- Zero major COVID-19 outbreaks at our operations; and
- COVID-19 corporate vaccination programme.

We contribute to education and learning by offering professional training opportunities at our in-house corporate college, and providing assistance to local educational facilities. Our Pokrovskiy Mining College is a non-profit educational facility helping young people to learn new professions.

- Own non-profit professional education college;
- 203 students undertook internship at Petropavlovsk group;
- 1,926 students and employees studied at Pokrovskiy Mining College in 2020;
- Published educational book for children about history of the Far East; and
- Partnered with local universities to provide industry-focused training.

It is our commitment to measure, minimise and strictly monitor our impact on water resources. We continue to explore and bring into operation new drinking water sources that are used both by our operations and the local communities.

- No operational sites at water-stressed areas;
- Zero significant spills;
- 91% of water recycled and reused;
- 100% of facilities with access to WASH (water, sanitation and hygiene); and

We foster innovation through our world-class research institutes and R&D centres and contribute into local infrastructure development and renovation.

- First and only in Russia R&D centre dedicated to pressure oxidation;
- Over 45 researchers employed at our R&D centres and laboratories;
- 5 local infrastructure improvement projects completed;
- 2 patents granted to our researchers; and
- 11 scientific articles published.

We are committed to protecting forests and restoring biodiversity at all our sites by implementing complex measures and partnering with local organisations.

- 100% operating sites in which biodiversity risk has been assessed;
- Zero operating sites in protected areas or regions with high biodiversity value;
- Zero water bodies and related habitats that are affected by water discharges;
- Over 40,000 carp hatchlings released to a local river; and
- Endorsed CDP Forest 2020.
2020 has been an unusual and, at times, a challenging year for Petropavlovsk. The company underwent a period of substantial corporate turbulence and the uncertainty from COVID-19 pandemic. These posed a significant pressure on our regular operational processes resulting in the delays to the achievement of our plans and goals in 2020. However, despite these challenges we have achieved our LTIFR and GHG reductions targets and remained on track to achieve some of our other goals and plans.

Since the beginning of 2021, the company has added new global heads of health & safety, human resources & people development, and environment to its senior executive team. Under the new leadership, we will work hard to instil a culture of continuous improvement and a desire to do better tomorrow than we do today.

### PERFORMANCE 2020 AND FUTURE PLANS

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>GOALS AND PLANS</th>
<th>STATUS</th>
<th>PERFORMANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HEALTH AND SAFETY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety performance improvement</td>
<td>Improve or sustain the group LTIFR of 1.61.</td>
<td>Achieved</td>
<td>Group LTIFR improved by 7% to 1.50.</td>
</tr>
<tr>
<td>Health and safety framework</td>
<td>Further review and strengthen the group’s policies and standards across all operations.</td>
<td>In progress</td>
<td></td>
</tr>
<tr>
<td>Safety culture development</td>
<td>Continue with group-wide training programme, including the specific courses for the POX Hub developed at the Pokovskiy Mining College.</td>
<td>Achieved</td>
<td>30 hrs. of health and safety training on average.</td>
</tr>
<tr>
<td><strong>CORPORATE SOCIAL RESPONSIBILITY</strong></td>
<td>Develop direct engagement channels between management and personnel as a part of employee satisfaction monitoring.</td>
<td>In progress</td>
<td></td>
</tr>
<tr>
<td>Stakeholder relationship building</td>
<td>Conduct information campaign, training and consultations to ensure all group’s employees are familiar with the policies, are aware of their rights and responsibilities, and to encourage them to report any concerns regarding malpractice and to participate in the improvement of the procedures.</td>
<td>In progress</td>
<td>An agreement for harmonious development of the local indigenous community between Albyn mine and the Association of Indigenous Minorities of the North of the Salemschninsky District was extended for 2020.</td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL MANAGEMENT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>Further upgrade WHR system to supply heat to the shift camp.</td>
<td>In progress</td>
<td>All required infrastructure has been developed and now on track to supply the heat to the Pokovskiy shift camp.</td>
</tr>
<tr>
<td>Water management</td>
<td>Maintain zero water discharge to surface and underground sources.</td>
<td>Achieved</td>
<td>Zero discharge to surface and underground water bodies, verified by sample analysis.</td>
</tr>
<tr>
<td>Emissions reduction</td>
<td>Formalise our medium and long-term GHG targets.</td>
<td>Not achieved</td>
<td>Conducted group wide inventory and included additional sources of GHG emissions to ensure the accurate methodology is behind the figures.</td>
</tr>
</tbody>
</table>

The progress made at the beginning of the year was interrupted by the pressure from the pandemic and ongoing corporate turbulence disrupting effective internal communications. ‘Speak-up’ and Anti-bribery policies were updated and reviewed by the SSW committee in December 2020.
Sustainability Report 2020

APPROACH

LOST TIME INJURY FREQUENCY RATE

<table>
<thead>
<tr>
<th>Year</th>
<th>LTIFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1.50</td>
</tr>
<tr>
<td>2019</td>
<td>1.61</td>
</tr>
<tr>
<td>2018</td>
<td>2.52</td>
</tr>
</tbody>
</table>

DEFINITION
Lost time injury frequency rate (LTIFR) is a measure of the rate of recorded accidents, including fatalities occurring on the group’s premises within the reporting period, per million man hours worked. Contractors are excluded.

RELEVANCE
LTIFR is one of the key performance indicators used to measure the effectiveness of the occupational health and safety policies and practices and to identify trends and areas of focus.

2020 PERFORMANCE
Safety is our top priority, and we are committed to achieving a zero-harm workplace and ensuring that our employees return home safely. In 2020, the group’s LTIFR decreased further to 1.50, representing a 7% improvement from 1.61 in 2019. We are pleased to report that for the second consecutive year no work-related fatal injuries occurred at any of the group’s operations.

For more information on health and safety please go to page 25-28.

2021 TARGET
Maintain LTIFR below 2.00.

GENDER DIVERSITY

<table>
<thead>
<tr>
<th>Year</th>
<th>Male %</th>
<th>Female %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>74.0%</td>
<td>26.0%</td>
</tr>
<tr>
<td>2019</td>
<td>75.1%</td>
<td>24.9%</td>
</tr>
<tr>
<td>2018</td>
<td>75.4%</td>
<td>24.6%</td>
</tr>
</tbody>
</table>

DEFINITION
Gender diversity is the number of male and female staff as a proportion of the overall workforce. The data is reported as at 31 December of each calendar year.

RELEVANCE
We consider the ratio of female workers to be of material importance to the group’s diversity profile and look to ensure the equality of opportunities within the business.

2020 PERFORMANCE
As at 31 December 2020, c.2,300 employees were females representing over a quarter of the group’s total workforce. The ratio of female employees increased slightly when compared to 2019 and remained well above our target of 20%. Although traditionally the mining industry is male dominated, the group actively seeks to apply meritocratic principles and provides equal opportunities and pay for all employees, regardless of gender.

For more information on diversity please go to page 24.

2021 TARGET
Maintain gender diversity above 20%.

CARBON INTENSITY

<table>
<thead>
<tr>
<th>Year</th>
<th>Carbon Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>0.82 tCO²e/oz</td>
</tr>
<tr>
<td>2019</td>
<td>0.88 tCO²e/oz</td>
</tr>
<tr>
<td>2018</td>
<td>1.01 tCO²e/oz</td>
</tr>
</tbody>
</table>

DEFINITION
Carbon intensity measures greenhouse gas (GHG) emissions per ounces of gold produced in equivalent tonnes of carbon dioxide (CO²e). The scope covers the impacts from Petropavlovsk’s gold production activities and in-house service functions.

RELEVANCE
Carbon intensity is part of the scope of reporting on climate change-related indicators. Monitoring GHG emissions enables the group to manage climate risks and to identify opportunities to reduce its carbon footprint.

2020 PERFORMANCE
In 2020, the group further decreased its carbon intensity by 7%, achieving its annual reduction target of at least 1%. The share of direct GHG emissions decreased to 41% as part of the group’s strategy of reducing its dependence on non-renewable sources of energy.

For more information on carbon footprint and climate change please go to page 45-46.

2021 TARGET
Maintain carbon intensity at 0.82tCO²e/oz.

GOING FORWARD
The company’s new senior executives who head the Health & Safety, Human Resources & People Development and Environment departments, are working together with other senior executives on an extensive business review that will likely include new initiatives together with new sustainability targets. We hope to present more on that when a new medium-term corporate strategy is presented later in the year. While that review is ongoing, we seek to maintain the progress seen in 2020 with respect to our sustainability KPIs, with the caveat that LTIFR could increase due to more stringent reporting standards.
HEALTH AND SAFETY

The group identifies that people are central to its success, and so ensuring occupational health and safety in the workplace is one of the group’s key responsibilities. Our main objective is to minimise the risk of accidents and occupational illnesses, and to avoid fatalities. In 2020, we continued working towards our goal of “zero-harm”, with the safety of our people remaining our number one priority.

The group is committed to:
- Providing a safe working environment for all its employees and contractors;
- Ensuring compliance with the legislation of the Russian Federation;
- Minimising the risk of accidents and occupational illness, and aiming for zero fatalities; and
- Providing high quality, tasks-specific training.

The group’s occupational health and safety (OHS) system has been developed to ensure the safety of our employees and to always protect their health and wellbeing. This compliance-based approach is integrated into all the group’s operations. All employees are covered by the occupational health and safety management system.

The OHS system is designed in accordance with OHSAS 18001, which serves as the basis for the company’s many internal rules, regulations and practices. OHSAS 18001 is derived from the ILO-OSH 2001, the standard for management systems in occupational health and safety of the International Labour Organization. The OHS system is managed at an operational level by the health and safety (HS) officers, the general managers, and their deputies in occupational safety. The board-level SSW committee oversees and evaluates safety practices at the company.

Petropavlovsk is committed to ensuring full compliance with Russian legislation, of which the most significant is the Labour Code of the Russian Federation. Additional rules, standards and regulations include:
- State labour safety system standards;
- State sanitary-epidemiological rules and standards;
- Integrated safety rules;
- Rules of installation and safe operation; and
- Labour protection regulations.

Government authorities regularly visit the group’s operations to conduct safety inspections and request compliance information, and their findings are documented and submitted to the relevant committees.

In addition, the group conducts regular internal health and safety inspections, and our contractors are audited by the group’s HS officers to ensure they act in accordance with Petropavlovsk’s health and safety requirements. In addition, meetings are held internally and with contractors to review any matters arising.

OHS RISK MANAGEMENT
Risk management is integral to health and safety management and risk assessments are regularly conducted at all sites.

Our approach to OHS risk assessment is based on five principles:
- Identification of the potential hazard;
- Evaluation of the level of risk(s) it bears on people, equipment, facilities;
- Assessment of the severity and probability of an incident occurring;
- Control and mitigation of risks and hazards as per the developed assessment; and
- Regular revision of risk assessment matrices.

The most common risk categories are considered to be slips and falls (especially in cold season), loading and unloading, machine maintenance and road traffic accidents.

ROMAN DERTINOV HEAD OF HEALTH AND SAFETY
Roman Dertinov was appointed group Head of Health and Safety in April 2021.

The life and health of our employees is our top priority, and we can ensure this by creating safe, secure and comfortable workplaces, through strong leadership and mutual trust.

My aim is to create a robust safety framework and move towards a leading position in the management of health and safety risks. Having evaluated current practices, I have concluded that Petropavlovsk has developed a primary level of health and safety as regulated by Russian legislation. Now, we will strive to implement international best practices and develop mutual understanding of safety through standardisation across the group.

Our focus is to create an integrated health and safety system that values human life above all else. We will also place a strong emphasis on developing advanced health services with a focus on the prevention of alcohol and drug abuse, and preparedness for challenges like a pandemic.

Building on my own experience and strong track record in health and safety in the oil and gas and mining industries for the last 15 years, coupled with a new team of like-minded professionals, we are in a strong position to achieve this. In addition, we will introduce a financial incentive and non-financial reward programme, together with cross-departmental initiatives to support us and improve the group-wide culture towards health and safety.

The group must operate a sustainable business model with safety and operational efficiency at its core. I am confident that led by CEO and with the full support of the board, we will accomplish the required transformation.

HEAD OF HEALTH AND SAFETY MANAGEMENT

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

MATERIAL TOPICS
- Occupational health and safety; and
- Emergency preparedness.

GLOBAL REPORTING INITIATIVE (GRI)

UN Global Compact Principles

- Providing high quality, tasks-specific training.
- Integrated safety rules;
- Rules of installation and safe operation; and
- Labour protection regulations.

UN sustainable development goals

- Providing a safe working environment for all its employees and contractors;
- Producing a safe working environment for all its employees and contractors;
- Ensuring compliance with the legislation of the Russian Federation;
- Minimising the risk of accidents and occupational illness, and aiming for zero fatalities; and
- Providing high quality, tasks-specific training.

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Petropavlovsk is committed to ensuring full compliance with Russian legislation, of which the most significant is the Labour Code of the Russian Federation. Additional rules, standards and regulations include:

- State labour safety system standards;
- State sanitary-epidemiological rules and standards;
- Integrated safety rules;
- Rules of installation and safe operation; and
- Labour protection regulations.

Government authorities regularly visit the group’s operations to conduct safety inspections and request compliance information, and their findings are documented and submitted to the relevant committees.

In addition, the group conducts regular internal health and safety inspections, and our contractors are audited by the group’s HS officers to ensure they act in accordance with Petropavlovsk’s health and safety requirements. In addition, meetings are held internally and with contractors to review any matters arising.

OHS RISK MANAGEMENT

Risk management is integral to health and safety management and risk assessments are regularly conducted at all sites.

Our approach to OHS risk assessment is based on five principles:

- Identification of the potential hazard;
- Evaluation of the level of risk(s) it bears on people, equipment, facilities;
- Assessment of the severity and probability of an incident occurring;
- Control and mitigation of risks and hazards as per the developed assessment; and
- Regular revision of risk assessment matrices.

The most common risk categories are considered to be slips and falls (especially in cold season), loading and unloading, machine maintenance and road traffic accidents.
HEALTH AND SAFETY

The preventive measures include awareness campaigns, educational activities on sites and the promotion of a health and safety-first culture.

At Petropavlovsk, we take collective responsibility for safety matters and involve our employees in the decision-making process when it comes to updating and improving policies, rules and procedures.

Employees are encouraged to report any work-related hazards without reprisal, and we have a system in place to enable this, which involves a reporting or signalling system, whereby employees should inform their managers of any identified risk. In accordance with the specifics of the risk, the manager then either stops the working process until the hazard is removed, and if necessary, engages higher management, or, if possible, enables the immediate elimination of the risk prior to commencement of work. At all times, workers may remove themselves from any unsafe situations until such time as the risk has been mitigated in full.

INCIDENT INVESTIGATION
Every accident and safety incident is fully investigated by the on-site committee, and where necessary with the attendance of the relevant representatives of the Russian authorities. The investigations are designed to identify the cause and introduce measures to prevent recurrence of similar cases. The initial report is reviewed internally at the managerial level with the immediate signalling to the board of directors and its committees (safety, sustainability and workforce committee and executive committee) in the most serious cases.

Whether the on-site inspections are carried out by our own HS officers or the external audits by the authorities, the target is to comply with the legislation and maintain a safe working environment, targeting the prevention of any accidents.

PERFORMANCE IN 2020
2020 was a challenging year for our health and safety teams due to the unprecedented pressure presented by the pandemic, with multiple tasks arising in the field of health protection that needed to be addressed speedily and comprehensively. However, the group managed to improve its overall safety performance during this time, with LTIFR improved by 7% in 2020 to 1.50 and the total number of recordable accidents reduced to 24. 23 accidents (96%) were classified as “LIGHT” with the injury of a minor nature and the employee returning to work within several days.

For the second consecutive year, there were zero work-related fatal injuries among employees and contractors. By the end of 2020, the group had completed 25 months with no fatal injuries.

<table>
<thead>
<tr>
<th>LOST TIME INJURY FREQUENCY RATE (LTIFR)</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>POX (Pokrovsky)</td>
<td>0.85</td>
<td>1.77</td>
<td>1.65</td>
</tr>
<tr>
<td>Pioneer</td>
<td>1.01</td>
<td>2.10</td>
<td>2.38</td>
</tr>
<tr>
<td>Malomir</td>
<td>2.49</td>
<td>2.46</td>
<td>6.28</td>
</tr>
<tr>
<td>Albyn</td>
<td>0.33</td>
<td>0.71</td>
<td>1.04</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>1.50</strong></td>
<td><strong>1.61</strong></td>
<td><strong>2.52</strong></td>
</tr>
</tbody>
</table>

Number of lost-time accidents per million hours worked.

<table>
<thead>
<tr>
<th>NUMBER OF WORK-RELATED FATAL INJURIES</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>
EMERGENCY PREPAREDNESS

Emergency preparedness is a concept built into our systems, however it is also a skill developed by regular practice in the emergency drills on sites. The emergency preparedness plans are the basis for all emergency drills at Petropavlovsk. These are prepared in full accordance with the legal requirements and approved by the relevant agencies, such as the Federal ministry of emergency situations.

The emergency drills are conducted at the different facilities of the mines, involving the employees, management, medical staff and the firefighting units. The key factor in these events is the readiness of everyone to respond and a clear understanding of the sequence of actions. All employees should act in a coordinated manner and understand their roles; thus, the training plays a significant role in the maintenance and development of emergency protocols.

In addition to ensuring readiness amongst the required personnel, we need to ensure that all machinery and equipment are in the best possible condition. This requires adherence to the maintenance schedule, and monitoring and control of relevant vehicles and machines on a daily basis, as appropriate. 132 emergency drills were conducted in 2020. Emergency preparedness performance is reviewed as part of our regular internal and external audits.

ONLY UNDERGROUND WORKERS ARE PERMITTED TO GO UNDERGROUND

Many aspects of mining are hazardous, however, working underground poses additional threats and risks to the health and safety of employees. Regular drills and training sessions are held at the group’s mines, and the annual emergency drill enables all departments to perform the required actions as one unit. The goal is not just to improve employees’ relevant skills, but to trace the entire chain of actions in a rescue operation, detect any weak points, and, as a result, take necessary measures based on the lessons learnt.

Alexander Pushkov, head of occupational health and safety at the Malomir mine: “There are two auxiliary emergency mine rescue units at our mine. One is intended for operations in the open pits, the other is dedicated for underground operations. The units include miners from the respective areas. That means the underground workers will carry out rescue operations underground in the event of an emergency, while the team from the open pit are assigned to their own site. Under normal conditions, the rescue units are engaged in mining activities, and are therefore well oriented, and know the specifics of their workplace. Our department ensures that all necessary measures are taken to protect miners and prevent emergencies, however we must be prepared for any course of events.”

OCCUPATIONAL HEALTH SERVICES

At Petropavlovsk we promote sports and healthy activities among our employees at all sites and entities. As part of this, we ensure that each mine has its own sports facilities including gyms, football pitches, volleyball courts, table tennis tables or any other sport facility in order to maximise the benefits for the recreational time in between the shifts. Additionally, the company regularly organises sporting events to build an ethos of a healthy lifestyle and contribute to team building in general. In 2020, this tradition was naturally impacted by the pandemic.

Anti-smoking and anti-alcohol campaigns are frequently conducted at the operational sites and are included in health and safety training and briefings. On-site alcohol consumption is prohibited. From 1 April 2021, a zero-tolerance approach towards alcohol and drugs was re-enforced at all sites. Actions aimed at identifying employees under the influence of alcohol or drugs have been put in place with joint teams performing random testing.

All employees at the mines undergo an annual medical examination (this is voluntary for office personnel) to ensure that any occupational disease is followed up or identified at an early stage and treated in a timely manner. In accordance with the company’s policy, all drivers across the group undergo a routine medical inspection each day before they are permitted to commence their duties.

A medical aid station is present at every mine, with a doctor and essential medication available at all times. The group provides, or makes available via a municipal medical facility, vaccination against common diseases such as tick encephalitis. Vaccinations against coronavirus are also offered to all employees who require and are able to receive it.

All employees are entitled to receiving treatment at a healthcare resort. This is provided to anyone requesting specific rehabilitation courses under their doctors’ recommendation for work or non-work-related condition and for employees of pre-retirement age. The most frequently occurring occupational illnesses are vibrational disease, hearing loss and radiculitis. In 2020, we registered 15 occupational illnesses among our employees, and the company is committed to decrease this number going forward. All the personal data of the employees, inclusive of that with the medical records, is kept private and confidential in accordance with the Russian legislation and the internal company’s policy.

OCCUPATIONAL ILLNESS FREQUENCY RATE (OIFR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Group</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td></td>
<td>0.75</td>
<td>0.84</td>
<td>0.80</td>
</tr>
</tbody>
</table>

Number of occupational illnesses per million hours worked.
SAFETY TRAINING
One of the pillars for health and safety is the health and safety training, with its wide range of courses and exams. Training starts from the very first minute of a person arrives on-site, whether as a new employee, contractor or visitor. People receive an induction briefing, or the so-called HS basic orientation, before being permitted to proceed around the mine or receiving a job assignment.

Refresher courses are organised every 6-12 months for different positions according to the relevant risk exposures. In addition, safety training is provided for employees involved in a job assignment encompassing additional non-routine tasks. In the unfortunate event of an accident or incident occurring that requires attention, specialised briefings and training are provided to the employees. A separate reminder to follow specific safety rules, aided by the findings of the investigation, is designed to put the necessary emphasis on the circumstances that led to the accident or incident.

TRANSPORTATION SAFETY
All the transportation of goods outside the mines by the company’s operators is performed under specialised training and certification. Transportation of hazardous materials is carried out by vehicles equipped with ADR kits (consisting of special PPE and the antidote specific to the reagent), as well as a regular medical kit for first aid. A permit is also required for transporting hazardous materials.

The monitoring and control of the course of transportation is performed via the conventional mobile network. We employ a satellite tracking programme that helps locate vehicles in the absence of a mobile phone signal. Furthermore, in-cabin and forward-facing cameras are installed to monitor driver behaviour and observe the road for potential hazards.

Each trip is documented with the details of the designated vehicle and responsible personnel: the driver, the loading crew and line manager; the documentation is signed by a general manager.

SAFETY REPORTING
The group has developed systems designed to ensure that all accidents are recorded, and all serious accidents are investigated. In compliance with Russian legal requirements, the group keeps records of all occupational diseases which can occur as a result of mid- and long-term professional mining activity. This is done in addition to registering all recordable work and non-work-related diseases, regardless of where they occur in or out of the workplace.

At our mines we report and investigate all the major and minor accidents, i.e. lost time injuries with the damage to one's health, and incidents, whereby property or equipment is damaged, including in situations where no one has been harmed.

Our contractors are excluded from our health and safety performance data. In 2020, no severe accidents were reported among contractors.

COVID-19 MITIGATION
While all our mining operations are naturally isolated and away from populated centres, from the start of the pandemic the group has proactively implemented various measures to minimise its impact on the employees, operations and communities. As a result, there were no material outbreaks at the company's mines, and operations continued without interruption.

The company continues to monitor the situation and ensure the risks are addressed and mitigated. In March 2021 management initiated a vaccination program with the aim to make vaccines available for employees in Russia through government programs and state-run clinics. The company provides information, financial incentives and opportunities to shorten or eliminate quarantine times when arriving to mine. Over 1,800 of our employees have been already vaccinated and almost 50% developed immunity.

GOING FORWARD
The review of health and safety systems initiated by the new management revealed a number of gaps in the development of a safety culture and the leadership relating to health and safety. As a result, a comprehensive health and safety strategy was developed under the leadership of Roman Dertinov, who was appointed as Head of Health and Safety in April 2021.

The immediate priorities include the launch of the following group-wide initiatives:

- Corporate programme for safety culture development;
- Introduction of Fundamental Safety Rules in the group;
- Prevention of cardiovascular diseases;
- Roll out of COVID-19 vaccination amongst all employees; and
- Implementation of robust and transparent reporting.

The programmes have been developed based on several objectives, the most important of which is the assessment and mitigation of health-related risks faced by employees and contractors.

We also plan to carry out an independent audit of health and safety and introduce safety culture as a corporate KPI in 2022.

Robust and transparent health and safety reporting is a part of the health and safety development strategy. Petropavlovsk management recognises that, as result, it could first lead to a temporary rise in the number of accidents. The group will continue to closely monitor and provide regular updates on the development of OH&S procedures.

Internal audit standards will be reinforced in order to identify violations of safety rules and procedures, followed by appropriate disciplinary action.
2020 was a challenging year for all of us, and I am proud to say that we passed the test well. The core values that guide us in our everyday life proved to be an excellent framework in a troubled environment. The greatest achievement of the year was our success in safeguarding the health and wellbeing of our employees. I would like to thank each member of our team for their contribution.

OUR APPROACH
We regard our people as our most valuable asset, and are committed to responsible employment practices, by promoting the fair treatment of our workforce, providing equal opportunities, preventing discrimination, upholding human rights and promoting a positive corporate culture.

We believe in attracting the best talent and maintaining an inspired, driven and enthused workforce. We aim to employ local people whenever we can, supporting employment in relatively remote areas of the Russian Far East. The majority of our workforce (66%) is from the Amur region, many of whom learn their profession in mining and metallurgy at our Pokrovskiy Mining College. We look to encourage the development of our employees through continual engagement and training.

In establishing its labour practices, Petropavlovsk adheres to Russian legal requirements and standards. The safety, sustainability & workforce committee oversees key social aspects of the business and, along with the board, evaluates the effectiveness of the company’s key social activities, human resources (HR) and ethical policies and procedures.

DIVERSITY AND EQUAL OPPORTUNITY
Petropavlovsk is committed to operating as a responsible employer, both by promoting the fair treatment of its workforce through equal opportunities, and by the absence of discrimination in any form regardless of gender, ethnicity, race, disability or sexual orientation as required under both Russian and UK law.

It is also a core belief of the board that diverse skills, background, experience and points of view - including the introduction of talented individuals with fresh insights - are of great benefit to our organisation and will improve its performance. We are proud of the gender diversity demonstrated amongst the group, with women representing 26% of our workforce. The ratio of women in management positions across the business is higher still, reaching 32% in 2020. 26% of our new hires in 2020 were female. Although the mining industry is traditionally male dominated, the group actively seeks to apply meritocratic principles and provides equal opportunities and pay for all employees, regardless of gender.

For more information on board diversity, please see page 101 of our 2020 annual report.

In May 2021 the board formally adopted a diversity policy which applies across the group to promote and embed these principles.

PERSONNEL STRUCTURE
As of 31 December 2020, the total headcount of the company was 8,860. Over 99% of our employees are Russian nationals and 66% are residents of the Amur region.

OUR EMPLOYEES BY GENDER

<table>
<thead>
<tr>
<th>Year</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>6560</td>
<td>2300</td>
<td>8860</td>
</tr>
<tr>
<td>2019</td>
<td>6819</td>
<td>2261</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>6713</td>
<td>2187</td>
<td></td>
</tr>
</tbody>
</table>
In 2020, 20% of the group’s employees were aged below 30, while employees in the 30-50 age group comprised 59% of total workforce.

### OUR EMPLOYEES BY AGE

- **30 AND YOUNGER**: 20%
- **30-50**: 59%
- **50 AND OLDER**: 21%

Nearly all of Petropavlovsk employees have permanent contracts (96%) and almost 97% are employed on a full-time basis.

### OUR EMPLOYEES BY FUNCTION

- **WORKERS**: 11%
- **SPECIALISTS AND ADMINISTRATIVE PERSONNEL**: 68%
- **MANAGERS**: 21%
EMPLOYEE COMMUNICATION
We engage with our employees regularly through multiple channels, including the internal “PokrovkaPlus” newsletter, which includes regular insights from internal specialists. The newsletter is delivered in both digital and print formats so that employees with limited computer access are able to read it. Our newsletter became an important source of information and morale booster during the pandemic. It provided information on actions undertaken by the company, educated employees on preventing COVID-19 and shared stories from different departments on how they fought the infectious disease.

We use Facebook and Instagram to engage with our workforce and keep employees up-to-date on work-related, social and community stories. Employees can also raise queries and provide feedback directly to the HR department and the Head of Welfare and Community Liaison via e-mail or telephone. The most frequent topics raised in 2020 related to various aspects of our COVID-19 action plan.

Management’s immediate priorities for 2021 include ensuring a better exchange of dialogue and feedback, and further improvement of information flow within the group. Among the new communications channels are a weekly email digest and a new multi-channel hotline.

EMPLOYEE SATISFACTION
We consider employee turnover to be one of the key indicators that demonstrates our progress in building long-term relationships with employees.

In 2020, we had a stable turnover rate, in line with the two previous years. We continue to consider our turnover rates as higher than we would wish, and we recognise the need to address this through a combination of HR initiatives and a comprehensive action plan.

TURNOVER RATE

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>34.8%</td>
</tr>
<tr>
<td>2019</td>
<td>33.1%</td>
</tr>
<tr>
<td>2018</td>
<td>34.9%</td>
</tr>
</tbody>
</table>

Analysis showed that turnover rate is lowest in our offices, among management personnel and engineering and technical workers as it was in the previous years. Turnover is highest amongst workers on long shifts, especially those at our most remote mines. COVID-19 had an impact on turnover rate as well. Mine shift adjustments and 14-day quarantine periods presented an additional challenge as some employees were unwilling to be separated from their families for longer periods of time. New working conditions, including longer shift patterns and quarantine was the main factor contributing to the high turnover of our employees in 2020.

We believe that the group’s new and highly qualified Head of HR will be able to improve motivation levels and retain qualified staff, reduce staff turnover and increase employee satisfaction starting 2021.

EMPLOYMENT PRACTICES
All employees are issued with contracts detailing their working hours, paid annual leave and other benefits, in line with Russian or UK legislation. In Russia, the group operates in accordance with the Constitution of the Russian Federation, which details the rights and freedoms of citizens. We have a zero-tolerance approach to child labour, slavery or forced labour and implement a rigorous recruitment and pre-employment vetting process at all our operations.

Petropavlovsk offers its employees competitive remuneration, with our minimum salaries exceeding regional minimum wages by 42% and our average wages being 27% higher than the national averages. In order to motivate and encourage our workforce, the group also has variable, performance-based monthly and annual financial incentives, which are available for all employees who have worked for the company for over one year, amounting to up to 20% of a basic salary. Eligibility for performance-based bonuses is dependent on having no violations of work discipline and health and safety rules. In 2021, we will be reviewing our remuneration system and financial incentive scheme to ensure that they are fair and improve transparency.

PETROPAVLovSK’S MINIMUM AND AVERAGE SALARIES VS. REGIONAL AND NATIONAL AVERAGE, US$ PER MONTH

<table>
<thead>
<tr>
<th></th>
<th>Average salary in Russia</th>
<th>Average salary in Amur region</th>
<th>Petropavlovsk average salary</th>
<th>Minimum salary in Amur region</th>
<th>Petropavlovsk minimum salary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>707.7</td>
<td>726.9</td>
<td>903.5</td>
<td>177.2</td>
<td>252.1</td>
</tr>
</tbody>
</table>

*Amur region-based companies only;

Petropavlovsk offers social benefits, such as maternity/paternity leave, and employee assistance programmes. 164 female and five male employees took parental leave in 2020.

Our employee assistance programmes offer one-off payments in the case of childbirth, marriage, medical treatment, funeral costs for close family, financial difficulties and natural disasters. In 2020, 496 employees received such assistance directly from employers, and 392 from trade unions.

Given that most of the group employees are based in a remote region of Russia, we do not have an all-employee share ownership plan. The board believes it is more appropriate and beneficial to the general workforce to reward employees below senior employee level with bonus payments.

We offer an annual health resort treatment as a non-financial benefit. Furthermore, in 2020, 80 employees received holiday packages (2019: 203), while twelve of our employees’ children received vacation packages for summer camps (2019: 124). This significant reduction was the result of the COVID-19 pandemic, which restricted travel and led to the closure of holiday camps and holiday resorts.

LIVING CONDITIONS
Shift patterns are organised to avoid interruption to operations, but also to allow employees to perform their duties whilst providing for family commitments. Traditional working patterns of 14, 30 or 45 days at the mine, with subsequent leave of the same duration were adjusted in 2020 due to COVID-19.

Our medical facilities functioning on all sites became an essential part implementing our pandemic action plan.

Whilst on duty and during the 14-day quarantine period, employees live on-site in comfortable accommodation with access to leisure facilities. Canteens operate at all sites, with subsidised meals so that all our employees can enjoy quality and healthy meals at affordable prices.

All Petropavlovsk sites are equipped with gyms and outdoor sport facilities so that our employees can keep fit and healthy. We encourage and promote a healthy lifestyle, and hold regular sports tournaments in cross-country running, chess, darts, volleyball, table tennis and football. In 2020, Pokrovsky Mine Trade Union organised outdoor sports events to promote active lifestyles.
EMPLOYEE DEVELOPMENT

Employee education, training and development are critical not only to the company but the entire mining industry.

We see this area of the business as vitally important to ensure that our workforce has the correct level of skills and abilities. We also consider it to be an important way of improving employee retention by furthering the careers and opportunities of our people. We take pride in our ability to innovate and therefore focus on offering a high level of technical training.

More than 22% of our employees hold university diplomas, with another 19% having obtained professional qualifications. All employees, regardless of their level of education, receive training and have access to in-house educational opportunities at the Pokrovsky Mining College to master new skills and technologies.

Established in 2008, the Pokrovsky Mining College has a modern campus and highly qualified teachers. This innovative educational institution offers a wide range of in-house training courses, which include:

- Secondary education: training of mid-level specialists, skilled workers and employees;
- Additional education: retraining and advanced training; and
- Professional training: offering over 40 programmes ranging from analytical chemistry to electrical fitting.

Students of the Pokrovsky Mining College are regular winners of the WorldSkills tournaments in the Amur region.

In 2020, over 1,550 employees received training at the Pokrovsky Mining College, including onsite training for Albyn employees. There were about 28 hours per person on average training and education at the Pokrovsky Mining College in 2020, and over 230 employees received training from other educational institutions.

MENTORING AND WORK EXPERIENCE PROGRAMMES

With a balanced distribution of ages amongst our workforce, we have good opportunities for mentoring and transferring best working practices. New employees and interns are assigned mentors at work, who pass on their knowledge and the ethos of our corporate culture to new joiners and help support them in the induction and adjustment process. We are committed to supporting the development of the next generation of employees, and offer internship and training opportunities to students, to provide them with practical experience for their future careers.

Our mentoring programmes are also a part of vocational training for the students of our Pokrovsky Mining College, as well as for university students and graduates during their internship with the company. Employees acting as mentors are paid a bonus salary and, in 2020, 166 employees were involved in the scheme (2019: 196 employees), a decrease compared to 2019 as the company took on fewer interns due to the pandemic.

In 2020, 203 students from Russian universities completed internships at Petropavlovsk, during which they acquired a practical understanding of a modern mining enterprise operation.

TRADE UNION AND FREEDOM OF ASSOCIATION

We believe that upholding workers’ rights is fundamental to maintaining an engaged and committed workforce. We recognise the rights of our employees to be members of a trade union, for collective bargaining and to engage in trade union activities.

A trade union was formed by Pokrovsky employees and a Collective Bargaining Agreement (covering all employees, including those who are not members of the union), between the trade union and the company, was first signed in 2006 for an initial duration of three years. Since then this agreement has been renewed four times, most recently in 2018.

As at 31 December 2020, 1,472 employees (17%) were members of the trade union. In a continuation of the group’s historical record, no strikes occurred during 2020.

In February 2020, the group adopted a freedom of association policy, officially recognising the rights of our employees and workers to join or create an employee organisation such as a trade union, worker association, worker council or committee for the promotion and defence of occupational interests of their choice, without any potential negative consequences.

This also includes the freedom from obligation to join any of these groups. Petropavlovsk operates in Russia, which has ratified the International Labour Organisation’s Convention No. 87 (Freedom of Association and Protection of the Right to Organise, 1948) and Convention No. 98 (Right to organise and Collective Bargaining Convention, 1949).

In accordance with the laws of the Russian Federation, all employees are free to join or to not join a trade union. As such, we do not consider there to be a risk within the group for workers’ rights to exercise freedom of association or collective bargaining to be violated or at significant risk.

GOING FORWARD

In March 2021 the group appointed Svetlana Chekalova as Head of HR and People Development. Under her leadership, Petropavlovsk will implement a new employee development strategy including the creation of a unified and consistent personnel policy.

In addition to ensuring a fair and transparent remuneration system, this strategy will also focus on maintaining higher motivation and retention of employees in the company.
OUR APPROACH

Building long-term relationships with local communities and local residents is highly important to us. We value open and transparent engagement with our local stakeholders and look to uphold cultural traditions and respect indigenous communities.

In 2020, our engagement with local communities was impacted by COVID-19 restrictions, however we maintained communication through existing channels where possible, providing essential support in the fight against the pandemic.

We are committed to maintaining our ‘social license to operate’ and are acutely aware of our duty to engender and maintain the acceptance and approval of our local stakeholders. Recognising our responsibility to make a meaningful socio-economic contribution to the communities in which we operate, we have various tools and protocols in place to enable us to provide support and assistance.

One of the most obvious inputs is the employment we offer. In addition to employing local people, we look to support the community by providing education opportunities (primarily at our Pokrovskiy Mining College), offering financial assistance to students for the duration of their training. For example, we partner with the Faculty of Natural Sciences of Blagoveschensk Pedagogical University to provide training for qualified employees for the group’s analytical laboratories.

Our Albyn mine is located approximately 20km from Ivanovskoye village. Ivanovskoye has a population of c.370 people, the majority from Ivanovskoye village. Ivanovskoye has traditionally been a gold mining area, where alluvial gold mining was carried out by Petropavlovsk and other gold producers operating in the Amur region. Petropavlovsk also has partnerships with leading universities in the Amur region. For example, we partner with the Faculty of Natural Sciences of Blagoveschensk Pedagogical University to provide training for qualified employees for the group’s analytical laboratories.

SUPPORTING INDIGENOUS COMMUNITIES

Our approach in this regard also aligns with legislative framework in the Russian Federation aimed at guaranteeing the rights of Indigenous people. As part of Petropavlovsk’s commitment to respect and form long-lasting relations with the indigenous community,

The introduction of the system was approved by the board of directors and first implemented in 2019. Any complaints are registered online thanks to the high-speed internet connection quality in the Amur region. To make the system more user-friendly, in 2020 we created new channels and launched an information campaign encouraging our local communities to speak up. Unfortunately, this work was disrupted by COVID-19. In 2021, the campaign was resumed and is already yielding results: the level of engagement has increased, and awareness of the system’s existence and confidence in the mechanism is growing.

TRANSPARENT DIALOGUE WITH LOCAL COMMUNITIES

We perform Environmental Impact Assessments (EIAs) at all projects and disclose the results of these publicly. Despite the pandemic, we were able to continue holding community consultations and site visits to facilitate open dialogue with local residents, NGOs and regional and municipal level officials. Two public consultations for Pioneer and Malomir projects that were due to take place in the spring had to be postponed until autumn. Due to the sanitary restrictions, turnout at these events was low, but all community members were able to comment on the project through online channels, with the information and data made available to attendees in advance of the meetings. The key focus of the discussion was on the issues of environmental safety and provision of local employment. At Blagoveschensk, site visits took place at the start of the year. School graduates visited the “Regis” central analytical laboratory to attend a specialised lecture with emphasis on natural sciences. They also learned about the specifics of gold mining and the laboratory-based science behind it.

PROVIDING EDUCATIONAL SUPPORT IN THE AMUR REGION

We are proud of our ability to facilitate training both for our employees and for community members.

By facilitating technical education, we are able to contribute to socio-economic development and cultivate a pool of local talent for the company. School graduates in the Amur region have access to mining education at our Pokrovskiy Mining College, where study, tuition and accommodation are free for students for the duration of their training. Those who demonstrate outstanding results receive a stipend. In 2020, six students graduated in mining and electrical equipment maintenance and 39 people received training as mid-level specialists in analytical chemistry.

All of these former students are now employed by Petropavlovsk and other gold producers operating in the Amur region. As one of our primary stakeholder groups in the region, we are committed to protecting their rights, acknowledging that they face similar socio-economic challenges to others in the region but are also confronted with the unique issue of preserving their culture and traditional lifestyle.

Our approach in this regard also aligns with legislative framework in the Russian Federation aimed at guaranteeing the rights of Indigenous people. As part of Petropavlovsk’s commitment to respect and form long-lasting relations with the indigenous community,
in 2020, Albyn mine extended an Agreement with the Association of Indigenous Minorities of the North of the Selemdzhinsky District, legally represented by its head Sergey Nikiforov and first signed in 2019.

Under this agreement, Petropavlovsk has committed to assisting with the development of the local community. The agreement provides the Evenk community with a transparent framework that enables them to identify their priorities and plan the community’s development. This forms part of Petropavlovsk’s policy to support indigenous communities in their effort to save their native language and pass it on to the next generations.

PETROPAVLLOVSK FOUNDATION
In 2020, Petropavlovsk continued to provide direct support to local communities through the Petropavlovsk Foundation.

A significant example of this was the assistance in hosting the ‘Day of a Hunter and Reindeer-Breeder’, a traditional Evenk holiday. Petropavlovsk also sponsored the participation of the Ivanovskoe village delegation at the Evenk conference, Huktyvkun 2020, in the Republic of Sakha (Yakutia). The Foundation also supported traditional Evenk activities, by providing cross country skis for school children and equipment for the taiga tourist camp.

Established in 2010, the Foundation invests in programmes aimed at encouraging socio-economic development, improving the quality of life for local communities and maintaining a positive socio-cultural environment. Support is allocated according to the local community development programmes at each of our operations and based on local stakeholder needs.

The Foundation’s social projects fall under 6 strategic areas:
- Education;
- Future generations (young people’s development);
- Research and development;
- Culture;
- Quality of life; and
- Sport.

Key areas of focus in 2020 were culture and the Albazin Expedition project as well as sponsoring the children’s football league.

In 2020, the Amur region celebrated 370 years since the founding of Fort Albazino, the first Russian settlement on the Amur river. A number of culture events at Petropavlovskoye were planned to coordinate with this flagship “Albazino Expedition” project.

Petropavlovsk also published a children’s illustrated book about the history of the Russian Far East. Targeted towards schoolchildren, the book is written in a popular science genre, covering the period from the appearance of the first people in the region in the stone age to the nineteenth century when it became a part of the Russian Empire. In autumn, the publication was presented to a wide audience in Vladivostok, Blagoveshchensk, and Moscow. About 600 copies were donated to schools, libraries and museums in the Amur region. Local libraries in the Khabarovsk, Primorsky, Kamchatka regions also received the book.

In 2021, the company transitioned to direct corporate support of social initiatives in the Amur region.

BRMP CELEBRATED ITS 75TH ANNIVERSARY
Our BRMP repair and maintenance plant in Blagoveshchensk invited city NGOs to visit the site as part of its 75th anniversary celebration. Representatives of the organisations “University - the Third Age” and the Union of Pensioners of Russia took part in the excursions conducted by the director of the BRMP and the chief engineer. They learned how we transformed and redeveloped the site from a disused agricultural base into a gold mining facility. The feedback we received noted that the visitors were pleasantly surprised that the plant is working once again.
PROMOTING SPORTS ACTIVITIES
Organising high-quality training in football teams and youth clubs was another Foundation’s priority in 2020. Petropavlovsk continued to equip schools and clubs with new sports equipment, and supported staging education events and visiting master classes to improve the skills of local coaches. Master classes were held in 17 settlements in different districts of the Amur region including some remote locations. Over US$ 55,400 were provided to support the local youth football league Amurets.

CONTRIBUTING TO INFRASTRUCTURE AND QUALITY OF LIFE
Some of our operations are located in remote areas, with inherent transport and accessibility issues, specifically in the northern Selemdzhinsky district. Petropavlovsk invests in local infrastructure, which is instrumental to the development of our projects but also significantly improves the quality of life for local residents.

Ways in which we are able to contribute to local infrastructure through the sharing of our services include:

- Funding and building road networks, including the car and pedestrian bridges in the Selemdzhinsky district. The most critical repair in 2020 was to a bridge above Verkhnyaya Stoyba river. In early May, residents of the Selemdzhinsky district were almost cut off from the outside world. The automobile bridge across the Verkhnyaya Stoyba river was damaged, as one of the spans sagged, threatening the delivery of food, medicine, fuel and the transport of people. Around 3,600 people in the northern villages, along with gold producers, would have been impacted had the bridge failed. Petropavlovsk dismantled the outdated supporting structures, and manufactured and installed new metal supports, which helped to avoid the transportation crisis. The bridge was fully operational again in under ten days.

- Granting emergency services and services such as sanitation and forest protection, access to our helipads, enabling quick and qualified assistance to residents of remote areas; and

- Supporting the construction of the Koboldo-Zlatoustovsk fibre-optic communication line to the north of the Selemdzhinsky district. Once built, the line will provide remote settlements and the Albyn mine with high-speed 4G / LTE standard mobile Internet. The project is being implemented as part of the state programme for connecting socially significant facilities to high-speed Internet. Petropavlovsk contributed to the project by providing access to the 110 kV overhead line “Koboldo Albyn”, which belongs to the Albyn mine.

RESPONSIBLE PROCUREMENT AND SUPPLY CHAIN
Our operations are supported by supply chain which predominantly comprises goods and services required for the mining, processing and recovery of gold. Two thirds of all group purchases are procured for mining operations, including fuel, explosives, processing chemicals, milling materials and mechanical spares and tyres.

Petropavlovsk recognises its ability to have a positive socio-economic impact in the Amur region, particularly with regards to local procurement. We give preference to regional suppliers and work to strengthen our relationships with them. In 2020, we conducted business with over 1,200 suppliers of various sizes operating in 65 regions of Russia. 67% of our procurement was derived from local suppliers, with the remaining 33% being delivered from other regions of Russia.

GEOPGRAPHIC LOCATION OF SUPPLIERS

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moscow and region</td>
<td>28%</td>
</tr>
<tr>
<td>Amur region</td>
<td>15%</td>
</tr>
<tr>
<td>Khabarovsk region</td>
<td>22%</td>
</tr>
<tr>
<td>Other regions of the far east</td>
<td>2%</td>
</tr>
<tr>
<td>Other regions of Russia</td>
<td>33%</td>
</tr>
</tbody>
</table>

We are committed to working with suppliers who share our approach to legal compliance, industrial safety, human rights, fair employment practices and environmental protection. All our suppliers are required to comply with our health and safety and environmental policies. Suppliers of hazardous substances and gold concentrate are subject to special controls to ensure that their activities comply with all legal standards and responsible business practices. In order to prevent modern slavery and human trafficking in our supply chain, we require our suppliers to confirm that they have adequate policies in place to protect against these issues. All new suppliers are contractually obliged to acknowledge and unconditionally renounce any type of slavery, human trafficking, servile, forced or compulsory labour, or any exploitation as legally defined. In 2020, we conducted a high-level modern slavery risk assessment intended to identify any potential risks in the supply chain across our operations. This screening was based on readily identifiable risk factors obtained through publicly available research. A detailed questionnaire was sent to the company’s top 30 suppliers representing over 70% of the group’s total procurement budget. No high or medium risk suppliers were identified through the assessment. Petropavlovsk maintains open channels of communication with its suppliers and encourages them to raise any issues or concerns that arise in the conduct of their business.

ECONOMIC PERFORMANCE

<table>
<thead>
<tr>
<th>DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED</th>
<th>UNITS</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct economic value generated</td>
<td>US$m</td>
<td>989.6</td>
<td>744.8</td>
<td>503.6</td>
</tr>
<tr>
<td>Revenue</td>
<td>US$m</td>
<td>988.5</td>
<td>741.6</td>
<td>499.8</td>
</tr>
<tr>
<td>Interest</td>
<td>US$m</td>
<td>1.1</td>
<td>3.2</td>
<td>3.8</td>
</tr>
<tr>
<td>Economic value distributed</td>
<td>US$m</td>
<td>702.4</td>
<td>559.1</td>
<td>375.3</td>
</tr>
<tr>
<td>Operating costs (suppliers)</td>
<td>US$m</td>
<td>434.4</td>
<td>313.3</td>
<td>217.5</td>
</tr>
<tr>
<td>Payment to employees (wages and benefits)</td>
<td>US$m</td>
<td>118.4</td>
<td>131.1</td>
<td>101.5</td>
</tr>
<tr>
<td>Taxes</td>
<td>US$m</td>
<td>90.4</td>
<td>53.3</td>
<td>26.3</td>
</tr>
<tr>
<td>Payments to capital providers (1)</td>
<td>US$m</td>
<td>58.5</td>
<td>59.9</td>
<td>29.5</td>
</tr>
<tr>
<td>Community investment</td>
<td>US$m</td>
<td>0.7</td>
<td>1.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Economic value retained</td>
<td>US$m</td>
<td>287.2</td>
<td>185.7</td>
<td>128.3</td>
</tr>
</tbody>
</table>

(1) Interest expense net of capitalised interest.
We recognise that one of the most significant positive contributions we can make locally is in the economic value we bring to our stakeholders and the regions in which we operate. Given the local socio-economic environment and remote location of our operations, this is considered to be our most material impact. We are committed to preferential recruitment of local people and on fair remuneration terms, transparent payment of taxes, prioritised spend with local suppliers and community-led investment and support. Our strong economic performance directly impacts all of our stakeholders and enables Petropavlovsk to contribute to sustainable development and provide long-term benefits.

In 2020, Petropavlovsk distributed US$702.4 million, which included payments to suppliers and capital providers, wages and benefits to our employees, taxes, and US$0.7 million invested in local community projects in the Russian far east.

CUSTOMERS AND MARKETS SERVED
In 2020, our gold bars were sold to banks in Russia, UK and Switzerland and all processes comply with applicable national and international regulations. 100% of our total sales were in bullion form. We ensure full compliance with Russian regulations with regard to product quality, shipment and transportation. We have never received any significant fines for non-compliance with laws and international regulations relating to the use and provision of our products and services.

TAX
Petropavlovsk is one of the largest taxpayers in the Amur region and the company contributes substantially to local socio-economic development through payment of taxes to local and federal authorities.

The group has a zero-tolerance approach to all forms of tax evasion and conducts its business in such manner that the opportunity for, and incidence of, tax evasion is prevented. The anti-facilitation of tax evasion policy governs all our business dealings and the conduct of all persons and organisations appointed to act on our behalf.

We recognise the importance of a good tax reputation, and we report and pay taxes on time and in compliance with applicable tax legislation. Petropavlovsk annually publishes the report on payments to governments with a disclosure of payments made by country, level of government and project. No financial assistance was received from the government in 2020.

The CFO is responsible for tax accounting, tax risk management and for ensuring that appropriate processes and systems are in place.

Petropavlovsk regularly monitors tax changes and updates its operations as necessary. The group’s tax activities are reviewed by an external auditor as a part of the annual audit. In the event of any complexity or uncertainty in relation to a tax risk, we seek external advice.

Petropavlovsk discloses tax payments in the financial statements that are subject to the assurance process by an external auditor.

Tax legislation is subject to differing interpretations, enforcement and revisions over time and the board considers tax to be an area of emerging risk for the group. For more information on principal risks see our annual report 2020, pages 68-75.

Petropavlovsk regularly engages with the tax authorities as part of tax compliance. We ensure that if there are disputed matters they can be resolved through pro-active and transparent discussion with the tax authorities.

Legal entities included in the calculation are available on page 201 of our annual report 2020. The UK and Cyprus are excluded from the scope due to reporting boundaries, as they are considered to be non-material.

For more information on taxes, please see page 165 of our annual report 2020.

<table>
<thead>
<tr>
<th>TAXES PAID IN 2020</th>
<th>UNITS 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>8,842</td>
</tr>
<tr>
<td>Revenue from sales to third parties</td>
<td>988,534</td>
</tr>
<tr>
<td>Profit / (loss) before tax</td>
<td>(27,187)</td>
</tr>
<tr>
<td>Tangible assets other than cash and cash equivalents</td>
<td>US$000 (1,486,659)</td>
</tr>
<tr>
<td>Corporate income tax paid</td>
<td>US$000</td>
</tr>
<tr>
<td>Income tax accrued on profit/loss</td>
<td>US$000</td>
</tr>
<tr>
<td>Total employee remuneration</td>
<td>US$000</td>
</tr>
<tr>
<td>Taxes withheld and paid on behalf of employees</td>
<td>US$000 (47,657)</td>
</tr>
<tr>
<td>Taxes collected from customers</td>
<td>US$000</td>
</tr>
<tr>
<td>Industry-related taxes and other taxes or payments to governments</td>
<td>US$000 (90,882)</td>
</tr>
<tr>
<td>Significant uncertain tax positions</td>
<td>US$000</td>
</tr>
</tbody>
</table>

(1) Net profit reported is a consolidated number for all jurisdictions.
(2) The payments relate to gold exploration and mining activities and exclude payments made by corporate head office function and in-house service companies.

The difference between tax paid and tax accrued mainly arises from the presence of both accounts payables and advance payment of income tax at the beginning of the period and at the end of the period. Please see Note 2.18 to the consolidated financial statements for the year ended December 31, 2020.
ETHICS AND HUMAN RIGHTS

Petropavlovsk is committed to upholding the human rights of all stakeholders, including our employees, suppliers, business partners and host communities, and supports the Ten Principles of the United Nations Global Compact.

We recognise and respect international human rights frameworks wherever we operate, in particular the Universal Declaration of Human Rights, the Fundamental Conventions of the International Labour Organization and the UN Guiding Principles on Business and Human Rights. In 2021, we also plan to formalise our commitment and develop a corporate human rights policy.

In 2020, we adopted a speak-up policy, which provides detailed guidance on how employees can raise ethical concerns. We added a hotline to our existing communication channels to encourage employees to voice any concerns anonymously.

2020 proved to be a challenging year; the pressure of the COVID-19 pandemic and corporate uncertainties delayed our plans to conduct information campaigns throughout the group to ensure all employees have full awareness of their rights and responsibilities. At the end of the year, our internal communication and IT teams began working on designing a user-friendly portal to share all the group policies. This will offer new and existing employees easy access to both corporate and internal policies.

As part of the business review, all group policies will be assessed and where necessary renewed or updated with a view to create a unified policy register. Our next step is to develop a new corporate code of conduct and business ethics and to ensure it is understood and followed at all business levels.

GRIEVANCE MECHANISM

Petropavlovsk has a grievance procedure in place to enable members of the public and other stakeholders to raise complaints or express concerns related to Petropavlovsk activities. No complaints were received through this mechanism in 2020, and we understand that the grievance procedure needs to be actively publicised among local communities and our business partners.

In 2021, we launched a new hotline channel via toll-free phone, messenger and email. We will continue to review our communications tools in order to further integrate the grievance procedure into our business processes.

ANTI-CORRUPTION

Petropavlovsk is committed to preventing corruption and the consequences of such actions. The responsibility for ensuring enforcement of any decisions is taken by the CEO, who then formally reports on this to the board of directors.

Due diligence of new business partners addresses corruption, and an explicit clause regarding anti-corruption is included within our contractual terms with all suppliers, in line with our anti-bribery policy. Employees responsible for anti-corruption work are provided with training under the ISO 37001 anti-corruption management system.

At the start of 2020, the board approved an anti-bribery policy to combat and reduce bribery and corruption and to reinforce its zero-tolerance approach, and this was reviewed at the end of the year.

No court cases relating to corruption were brought against the company.

In 2020, following the results of a shareholder vote, the board commenced a review of related party transactions (‘Resolution 19’) by an external and independent audit firm. Alongside this work, and as part of the operational review of the business by the CEO, the board will be evaluating how it can strengthen the group’s anti-corruption policies to improve behaviours and outcomes.

MODERN SLAVERY ACT

Petropavlovsk has complied with the Modern Slavery Act (UK) since 2016. The result is that, over time, our systems to ensure slavery and human trafficking do not occur in our supply chain or in any part of our business, have matured.

RESEARCH & DEVELOPMENT

Petropavlovsk has access to a range of technological services for pilot purposes and to support mine development. Today, the group has a network of laboratories, fully equipped with advanced equipment and staffed by highly skilled and trained personnel.

LABORATORIES

Petropavlovsk employs c.500 specialists across a network of laboratories: a central laboratory based in Blagoveschensk, and satellite laboratories near the Pokrovskiy mine and at Malomir, Tokur and Albyn.

EMPLOYEES WITH DOCTORATE QUALIFICATIONS AND DEGREES

2 candidates.

SCIENTIFIC PUBLICATIONS IN 2020

Together with the geological agency, research work was carried out on abrasive properties of coarse gold during ore sample preparation.

SIGNIFICANT PROJECTS IN 2020

- Analyzed 1,583,020 samples;
- Petropavlovsk laboratories were certified under international accreditation body “Analitica”, successfully confirming their technical competence and functioning of management system according to ISO 17025-2019; and
- Provided support to 24 programmes for semi-industrial technological testing of ores and concentrates.

COOPERATION WITH BLAGOVESCHENSK STATE PEDAGOGICAL UNIVERSITY (“BSPU”)

Laboratories continue to cooperate with the Department of Chemistry of the Faculty of Natural Sciences and Geography at BSPU. In 2020, four chemistry graduates were employed in Petropavlovsk laboratories.

ILYA FOMENKO, GENERAL DIRECTOR OF NIC GYDROMETALLURGIA

Ilya Fomenko is General Director of NIC Gydrometallurgia, the group’s scientific research centre specialising in pressure oxidation technology. Ilya began working in science directly after graduating from Saint-Petersburg State Institute of Technology, and joined NIC Gydrometallurgia as a Researcher in 2009. He holds a PhD in Technical Sciences.

Under Ilya’s management, NIC Gydrometallurgia is now planning to commence industrial pilots directly at the POX Hub, which should lead to an increase in gold recoveries from double refractory concentrates from 93 to 96%. This unique technology was developed in the laboratory for NIC Gydrometallurgia and pilot tested at an autoclave pilot plant in Blagoveschensk.

“...I became general director almost a year ago, and to be honest, I have not experienced any significant problems. Perhaps this is due to the fact that I have been working in this team almost from the very foundation of the centre. Our team is very friendly, and everyone is ready to lend a hand, and help to find a solution to emerging problems. Last year, most likely due to the pandemic, there were no third-party orders for some time. During the summer, we tried to fulfil contracts within the group at an accelerated pace, and used the spare time to write scientific publications. Towards the end of 2020, our third-party customers returned, and work resumed its usual course.”

NIC Gydrometallurgia completes research related to reducing the environmental impact of hydrometallurgical enterprises. Over the past four years, the centre has completed a lot of research on hydrometallurgical treatment of the lowest-grade concentrates prior to pyrometallurgical processing. The new technology makes it possible to extract more than 90% arsenic, 70% lead and 80% zinc from concentrates. This could significantly reduce the supply of arsenic and lead to pyrometallurgical processing, and alleviate the impact on the environment.

“...First of all, our R&D is aimed at increasing the efficiency of the hydrometallurgical processing at the POX Hub. For third-party customers, work is mainly focused on improving the efficiency of processing low-grade concentrates. Recently, interest in hydrometallurgy has also increased in terms of obtaining higher purification of nickel and cobalt sulphates, which are used in the production of electric batteries.”

Demand for autoclave technology for refractory gold processing is currently strong. This is partly due to the successful launch and mastering of the technology at the POX Hub, as well as increased demand from third-party customers in Russia and Kazakhstan.

SCIENTIFIC PUBLICATIONS IN 2020

17 publications.

SIGNIFICANT PROJECTS IN 2020

- In partnership with Irgiredmet, NIC Gydrometallurgia developed a technology for the enrichment and hydrometallurgical processing of tungsten-molybdenum ores of the Tyrmjauz deposit. The project involved several autoclave operations and a complex scheme of hydrometallurgical processing of products; and
- 18 tolling concentrates were tested, which are considered as potential raw materials for processing at the POX Hub.

NO. OF PATENTS REGISTERED IN 2020

17 patents.

THE LAST 5 YEARS

70 articles, 35 reports and 100+ abstracts.

SIGNIFICANT PROJECTS IN 2020

Implementation of the EPCM project to recover gold from heap leach tailings using carbon-in-pulp process with 5Mtpa capacity at the Navoi Mining and Metallurgical Plant in Uzbekistan.

IRGIREDMET

The Irkutsk Research Institute of Precious and Rare Metals and Diamonds (“Irgiredmet”) provides comprehensive services to companies developing ore, placer and technogenic deposits. Irgiredmet has seven specialized technological laboratories and provides services for both Petropavlovsk and third parties.

EMPLOYEES WITH DOCTORATE QUALIFICATIONS AND DEGREES

3 doctors and 32 candidates.

SCIENTIFIC PUBLICATIONS OVER THE LAST 5 YEARS

70 articles, 35 reports and 100+ abstracts.

SIGNIFICANT PROJECTS IN 2020

Established to undertake work on extraction methods that could increase productivity at projects and producing mines.

EMPLOYEES WITH DOCTORATE QUALIFICATIONS AND DEGREES

2 doctors and 9 candidates.

SCIENTIFIC PUBLICATIONS IN 2020

11 publications.

SIGNIFICANT PROJECTS IN 2020

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SIGNIFICANT PROJECTS IN 2020

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NO. OF PATENTS REGISTERED OVER THE LAST 5 YEARS

17 patents.

THE LAST 5 YEARS

70 articles, 35 reports and 100+ abstracts.
At Petropavlovsk, we recognise that our mining operations have the potential to impact negatively on the natural environment. Effective environmental protection is a key element of our business strategy and is fundamental to managing our operations.

Our operations are covered by state environmental permits or licences that regulate discharges to air, water, soil, tailings, and waste management. As a minimum standard, Petropavlovsk ensures that it is compliant with all regulatory requirements.

Recognising that our operations involve a number of environmental risks, we have developed Environmental Management Systems (EMS) that help to identify and manage these risks and achieve resource and energy efficiency. The EMS at all our operational sites are certified under ISO 14001 (GOST R ISO 14001-2016).

The group regularly organises general and specialised environmental training sessions for its specialists and directors in areas including waste management, environmental safety and emergency preparedness.

Precautionary approach to the environmental challenges adopted by the company is integrated in our site-based environmental policies. Policies are regularly reviewed as the business evolves and continues to grow.

The environmental impact assessment (EIA) is fundamental to managing our operations. The assessment evaluates the state of the environment and anticipated impact on water, mineral resources, land, soil, air and biodiversity for each of our projects. Transparency and maintaining stakeholder relations are integral to the EIA. We hold regular public consultations with the local community to facilitate stakeholder feedback on all our projects.

Key environmental indicators are recorded and used internally to drive improved performance. Environmental updates are integrated into monthly management reports and reviewed by the executive committee. The report includes an analysis of the group’s environmental performance and information on documentation or controls set up during the period.

Environmental metrics are also presented to the safety, sustainability & workforce committee at each meeting.

**Vera Usova, head of environmental safety**

Vera Usova is a certified geological explorer who has devoted over two decades of her career to Petropavlovsk, where she oversees the environmental safety of the group. She is an esteemed environmental professional and holds a degree in “Geo-ecology” from the State Department of Environmental Protection and is certified in “Ecological and Geochemical Studies of the Environment”.

Today, the environmental department she founded over 20 years ago employs 15 qualified environmental engineers, many of whom have been with the company for over 10 years.

"An environmentalist at Petropavlovsk is first of all a caring, highly professional specialist who oversees all crucial stages of work from the first project design steps to site closing and land rehabilitation. However, the interests of my team members are not limited to corporate priorities, as first and foremost, the environmentalists of Petropavlovsk genuinely care for and cherish the natural environment where they grew up."

The duties of Petropavlovsk ecologists span constant monitoring of all of production sites, including laboratory testing of soil, subsoil, water and air quality as well as ensuring strict adherence to all environmental regulations and absolute compliance with all license agreements, permitting requirements, environmental legislation, and standards for working with the public. All these different areas of work are closely interconnected and as such each is of highest priority to Vera’s team. Additionally, the team works closely with engineering design institutes as well as the Hydrometallurgy research centre, handling both the R&D of ecological projects and their deployment.

“We carry out a number of fascinating projects at Petropavlovsk, which have a significant impact on both our environmental and economic efficiency. One such example is the organisation of a group environmental service, which unites research, production and administrative units. Another interesting example is our closed circuit recycling water supply system with wastewaters purified using pit colmatation."

One of the projects Vera is most proud of implementing is the seasonal deactivation of the pulp containing gold, which not only enables the company to maximise its gold recoveries, but also minimises consumption of freshwater thanks to the recycling ecosystem. In addition to maximising processing efficiency, this project delivers strong results in water stewardship.

Russia’s Far East characteristically has a lot of sunny days throughout the year. Vera’s resourceful team makes the most of it by utilising membrane electric heating at the Pioneer site, where all of its buildings are now heated using this system. This provides a 70% cost saving compared to traditional heating systems, but crucially also eliminates any combustion products which emit harmful substances into the air, and the need for their removal and disposal. Vera hopes to implement this practice at other Petropavlovsk production sites in the future.
MONITORING AND AUDITING

The group conducts regular environmental monitoring and carries out internal audits to ensure that the impact of our operations do not exceed permissible limits and the risks are mitigated. A wide range of measures have been implemented to monitor and control discharges to air, soil and water, as well as protect biodiversity and limit consumption of reagents and chemicals. Samples are collected and analysed in the group’s state-accredited laboratories. In 2020, three Petropavlovsk group laboratories received accreditation for compliance under ISO 17025.

External audits and on-site reviews are conducted regularly by state environmental auditors. In 2020, the group was subject to nine official environmental audits conducted by various state and local authorities. Zero violations were found.

In addition to its compliance-based approach, the group has adopted a grading system for environmental incidents based on their potential or actual impact, ranking incidents from 1 for minor incidents to 3 for the most serious. In 2020, zero serious or moderate environmental accidents were recorded; the number of minor incidents in 2020 was almost half that of 2019.

ENVIROMENTAL INCIDENTS

<table>
<thead>
<tr>
<th>Category</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1 – Minor</td>
<td>9</td>
<td>19</td>
<td>53</td>
</tr>
<tr>
<td>Category 2 – Moderate</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Category 3 – Serious</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Licence violations</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Environmental fines, USD</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

The monitoring programme was carried out under a reduced schedule in order to comply with the government restrictions to prevent the spread of COVID-19.

WATER MANAGEMENT

Water is a vital resource that we share with local communities, natural ecosystems and wildlife, and we are committed to ensuring responsible water management.

Although Petropavlovsk’s operations are located in a region where there is no water scarcity, we aim to reduce consumption of freshwater where possible. No water sources are significantly affected by the group’s water withdrawals.

Water forms an integral part of our operations; it is essential for mineral processing and is also used for household needs and dust suppression. Freshwater supply for household and industrial needs is provided by surface and underground water sources. The withdrawals are carried out in strict compliance with quotas specified in our licences.

Water for household purposes is supplied from licensed underground wells certified as compliant with the state sanitary norms and rules. This water undergoes treatment and is certified as safe in accordance with all applicable standards.

A significant reduction of the level of water extracted from local sources has been achieved through implementation of a closed-circuit system with recycled and reused water supply. Rain and snow from shift camps are collected in tanks and purified at the treatment facilities located at all sites. The purified water is then returned to the recycling water supply system or used for dust suppression. Domestic effluents are purified at BioDisc treatment facilities and returned to the recycling water supply system.

Our water use KPIs remained broadly unchanged from 2019 to 2020. Total water consumption in 2020 was 67.2 million m³ (2019: 68.5 million m³), 91% of which was from recycled sources. Our freshwater withdrawal increased by 6% in 2020, mostly due to higher throughput and lower grades at Albyn. Overall intensity, however, which enables us to monitor our efficiency, has remained at the same level.

WATER MANAGEMENT

<table>
<thead>
<tr>
<th>WATER MANAGEMENT</th>
<th>UNIT</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshwater withdrawal by source:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underground</td>
<td>000m³</td>
<td>1,213</td>
<td>1,129</td>
<td>661</td>
</tr>
<tr>
<td>Surface</td>
<td>000m³</td>
<td>4,999</td>
<td>4,713</td>
<td>4,551</td>
</tr>
<tr>
<td>Total freshwater consumed</td>
<td>000m³</td>
<td>6,212</td>
<td>5,842</td>
<td>5,212</td>
</tr>
<tr>
<td>Water discharged</td>
<td>000m³</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Share of recycled and re-used water</td>
<td>%</td>
<td>91</td>
<td>91</td>
<td>89</td>
</tr>
<tr>
<td>Freshwater intensity</td>
<td>m³/oz</td>
<td>11.3</td>
<td>11.3</td>
<td>12.3</td>
</tr>
</tbody>
</table>

Water discharge refers to total volumes discharged to surface or underground water bodies.

A new methodology to estimate the consumption of recycled and reused water has been applied since 2020. Data for 2019 and 2018 has been restated accordingly for comparative purposes.
In 2020, we conducted a risk assessment using the World Resources Institute Aqueduct tool to review our physical water-related risks. All our operations are currently rated as low risk to baseline water stress, confirming that our operations do not withdraw water from water-stressed regions and our water withdrawals do not negatively impact local water bodies.

We report our water risk exposure by responding to the CDP Water Security questionnaire (former carbon disclosure project). In 2020, Petropavlovsk received a management band score (B-): taking coordinated action on water issues. Petropavlovsk is planning an external environmental review for the second half of 2021 and assessing current water management practices will be an area of special focus for this review. We have also introduced financial provisions in relation to water treatment, aimed at improving current practices.

**AIR QUALITY AND EMISSIONS CONTROL**

Mining operations such as stripping, transportation infrastructure, waste storage facilities and energy use are all sources of air emissions that can impact on people, the environment and equipment if not managed properly. All the group’s operations hold state-issued permits regulating their atmospheric emissions.

We aim to prevent or minimise air pollution through the development and use of purification systems, anti-dust equipment and other protective facilities. Emissions are monitored according to the complex programme agreed with the federal authorities.

Significant air emissions deriving from our operations are presented in the table below.

<table>
<thead>
<tr>
<th>AIR POLLUTANT, T</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sulphur oxides (SOx)</td>
<td>232</td>
<td>234</td>
<td>232</td>
</tr>
<tr>
<td>Nitrogen oxides (NOx)</td>
<td>1,964</td>
<td>1,836</td>
<td>1,867</td>
</tr>
<tr>
<td>Solids (dust emissions)</td>
<td>918</td>
<td>1,005</td>
<td>965</td>
</tr>
<tr>
<td>Volatile organic components (VOCs)</td>
<td>278</td>
<td>278</td>
<td>295</td>
</tr>
<tr>
<td>Carbon oxide (CO)</td>
<td>1,118</td>
<td>1,118</td>
<td>1,111</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,509</strong></td>
<td><strong>4,471</strong></td>
<td><strong>4,469</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INTENSITY, T/KOZ</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sulphur oxides (SOx)</td>
<td>0.4</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Nitrogen oxides (NOx)</td>
<td>3.6</td>
<td>3.5</td>
<td>4.4</td>
</tr>
<tr>
<td>Significant air emissions</td>
<td>8.2</td>
<td>8.6</td>
<td>10.6</td>
</tr>
</tbody>
</table>

Figures may not add up due to rounding.

In 2020, there were no changes in the chemical air composition in the impact areas according to the results of our monitoring systems.

**WASTE AND MINERAL RESIDUE MANAGEMENT**

Mining and processing operations generate non-mineral and mineral waste. There is considerable awareness of the importance of waste management within the Petropavlovsk group in relation to waste handling, sorting, recycling, and reporting procedures. In accordance with Russian legislation, a waste management programme approved by regulatory authorities has been implemented at all group operations. The programme outlines waste disposal standards and stipulates limitations on waste produced, neutralised, disposed or received from other parties. All data on waste is collected and forms part of the group’s overall monitoring information, which is supplied annually to local authorities for their review.

Non-mineral waste includes domestic waste, used oils, rubber, plastic, scrap wood, ash, biodegradable waste and other wastes classified as hazardous (I, II, III) and non-hazardous (IV, V).

The group is focused on efficient use of resources, reuse and recycling and implements the following initiatives at its sites:

- Used mineral oils are processed and re-used in the CleanBurn air heating system;
- Tyres are re-used following the application of a new tread to the tyre body;
- Non-hazardous ash is used as an insulating layer at the solid waste landfill;
- Waste from biological sewage treatment facilities is used in land rehabilitation to increase soil fertility; and
- Waste materials contaminated with petroleum products are utilised at the group’s Thermal Waste Treatment Plant.
### Non-Mineral Waste by Type and Disposal Method, T

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total generated</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hazardous</td>
<td>908</td>
<td>898</td>
<td>551</td>
</tr>
<tr>
<td>Non-hazardous</td>
<td>8,181</td>
<td>8,492</td>
<td>7,454</td>
</tr>
<tr>
<td>Reused and recycled</td>
<td>4,362</td>
<td>4,331</td>
<td>2,279</td>
</tr>
<tr>
<td>Hazardous</td>
<td>856</td>
<td>827</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-hazardous</td>
<td>3,506</td>
<td>3,504</td>
<td>n/a</td>
</tr>
<tr>
<td>Neutralised</td>
<td>105</td>
<td>113</td>
<td>96</td>
</tr>
<tr>
<td>Hazardous</td>
<td>42</td>
<td>57</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-hazardous</td>
<td>64</td>
<td>56</td>
<td>n/a</td>
</tr>
<tr>
<td>Disposed at own landfill</td>
<td>3,107</td>
<td>3,000</td>
<td>2,860</td>
</tr>
<tr>
<td>Hazardous</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-hazardous</td>
<td>3,107</td>
<td>3,000</td>
<td>n/a</td>
</tr>
<tr>
<td>Transferred</td>
<td>1,513</td>
<td>1,927</td>
<td>2,743</td>
</tr>
<tr>
<td>Hazardous</td>
<td>9</td>
<td>36</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-hazardous</td>
<td>1,504</td>
<td>1,890</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Small amounts of waste generated at the end of the year are accumulated at temporary waste storage sites before being disposed.

### Wastewater Reused and Recycled

<table>
<thead>
<tr>
<th></th>
<th>UNIT 2020</th>
<th>UNIT 2019</th>
<th>UNIT 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste reused and recycled</td>
<td>%</td>
<td>48</td>
<td>46</td>
</tr>
<tr>
<td>Intensity</td>
<td>t/koz</td>
<td>16.6</td>
<td>18.1</td>
</tr>
</tbody>
</table>

Mineral waste from mining includes waste rock from which the ore is extracted, and the mineral residue that remains after processing; this waste is classified as non-hazardous (IV-V class).

Mining generates a significant amount of waste rock, as overburden needs to be removed to uncover the ore deposits. While fertile soil is stored to be used in land rehabilitation, waste rock can be used in a wide range of construction works and backfilling. Surplus waste rock is sold to third parties as a certified natural stone.

### Waste Rock

<table>
<thead>
<tr>
<th></th>
<th>UNIT 2020</th>
<th>UNIT 2019</th>
<th>UNIT 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastestock generated</td>
<td>t</td>
<td>72,431</td>
<td>69,848</td>
</tr>
<tr>
<td>Re-used</td>
<td>%</td>
<td>60%</td>
<td>54%</td>
</tr>
</tbody>
</table>

In 2020 the group generated 13,770 kt of the mineral residue compared to 14,340 kt in 2019.

### Hydraulic Storage Facilities

Ensuring optimal management of the group’s hydraulic storage facilities (HSFs) is one of the most important areas of focus for Petropavlovsk, and all facilities are insured, operated and monitored in close accordance with the Russian legislation.

The group operates four main hydraulic storage facilities (HSFs) that are used for water management and temporary storage of processed mineral residue. Petropavlovsk is responsible for eight dams used to deposit mineral residue, all of which have been constructed using a safe downstream raising method.

Our approach is based on complex measures to ensure the highest standards of design and construction aimed at minimising risk and enabling safe functioning and operation. All facilities are located in controlled access areas away from populated areas. The nearest populated settlement is located 6km away from Abyn HSF. Approved routes for vehicles and pedestrians are clearly displayed near the hydrotechnical dams, and safety warning signs for the hazardous zone and controlled access area are clearly displayed at the entrance.

In line with appropriate legislation, all of the group’s HSFs are registered in the state register of hazardous production facilities and receive state certificates corresponding to their hazard class. At present, the hazard class of operating hydraulic structures is second class (high hazard).

Monitoring programmes and regular internal and external audits are in place at each facility to ensure the highest safety levels and provide up-to-date information on their stability. Emergency plans are prepared and approved annually.

All hydrotechnical facilities are designed, constructed, and managed in compliance with Russian legislation requirements, incorporating detailed geological studies and complex monitoring measures. Zero incidents relating to the integrity or stability of the group’s dams have been recorded over the entire period of their operations.

### Cyanide and Hazardous Substances Management

The group recognises that the hazardous substances used to sustain mining and processing may harm the environment if control and handling procedures are inadequate.

Cyanide is widely used in gold mining to extract the gold contents from ore. The group applies a rigorous approach to...
Sustainability Report 2020

ENVIRONMENTAL STEWARDSHIP

handling, monitoring, and storing cyanide. Cyanide concentration is strictly controlled in pulp, surface, and groundwaters. All facilities are fully compliant with Russian legislation, and the results of environmental monitoring studies are presented to the authorities on a regular basis. Cyanide is supplied by the Cyanide Code signatory producer.

Enhanced security measures are implemented at all stages of cyanide handling, transportation, and storage. Only authorised personnel are permitted to transport cyanide and all movements are registered. Cyanide is stored in locked and secure warehouses with concrete floors, with access limited to qualified personnel only; access is closely monitored by the group’s security personnel.

Implementation and ramping up of POX process for gold extraction has allowed the group to reduce its cyanide consumption in 2020 by 20% compared to 2018 levels.

<table>
<thead>
<tr>
<th>CYANIDE CONSUMPTION, T</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sodium cyanide</td>
<td>5,058</td>
<td>5,330</td>
<td>6,295</td>
</tr>
</tbody>
</table>

In compliance with regulatory requirements, oil, petrol, and kerosene are stored safely to prevent leakages and spillages and to minimise fire risks.

No significant or moderate spills were recorded at the group’s operations in 2020.

**BIODIVERSITY**

Preserving the biodiversity near to the group’s operations remains one of our main priorities and we strive to ensure that wildlife and local habitats are protected for future generations at all stages of the mining lifecycle. The group does not operate in or adjacent to any protected areas or areas of high biodiversity value, in compliance with Russian regulatory requirements.

We are committed to best practice disclosure on our biodiversity in line with international standards, and Petropavlovsk was among a small number of Russian industrial companies that responded to the CDP Forests questionnaire in 2020.

Our approach to managing biodiversity is formed on the basis of biodiversity mitigation hierarchy:

- Avoid impact where possible;
- Use mitigation measures to minimise impact that cannot be avoided;
- Restore impacts by environmental remediation; and
- Offset all impact and strive toward creating a net gain for biodiversity.

Before a mine becomes operational, its potential impact on local wildlife is assessed fully as part of environmental permitting process. This procedure, which forms part of the EIA, plays an important role in the group’s decision making and provides the foundations for the development of measures and actions to mitigate the risks and possible impacts on biodiversity. Biodiversity management plans, outlining preventative and compensation measures, are implemented at all our operations. When an operation is closed, the area is rehabilitated with the objective of restoring its local biodiversity and ecosystem.

Petropavlovsk’s biodiversity management programmes are based on the following initiatives:

- Preventing pollution and minimising our environmental impact;
- Minimising noise levels as far as possible;
- Minimising and controlling the disposal of food waste that could attract wildlife;
- Use of “cat’s eye” road reflectors and other wildlife deterrents near areas close to moving vehicles, as well as wildlife awareness warning signs for traffic;
- Monitoring discharges to air, soil and water;
- Installing digital bird repellent systems to protect waterfowl; and
- Maximising use of all brownfield sites.

We have various biodiversity measures in place to protect flora and fauna, which include:

- Prohibition of felling trees or clearing wooded areas using heavy machinery, such as bulldozers, flooding of forest land, dumping waste or rubbish, fishing, hunting or poaching and driving vehicles outside designated zones or existing roads;
- Replenishing aquatic biodiversity in local rivers, in partnership with the federal authority on fishery and biological resources preservation of amur region (amurybwod); and
- Annual information campaigns to raise awareness of the risk of forest fires which can have a devastating impact on biodiversity.

Wildlife monitoring is integral to the operational environmental controls that helps us to evaluate the effectiveness of our biodiversity initiatives. It is carried out in accordance with the programme approved by state environmental authorities.

The average weight of each released fish is 7.5 grams. The fish will take two-three years to grow to an average weight of 3-4 kilograms.

In 2020, we did not observe any negative impact on wildlife caused by our operations and received no complaints from local communities in relation to our impact on the environment.

**PROTECTING AQUATIC BIODIVERSITY**

More than 40,000 carp hatchlings were released in Zeya with the support Petropavlovsk in October 2020. This is not the first time the group has been engaged in replenishing aquatic biodiversity of local rivers. However, in previous years the fish were brought to the Amur region from the neighbouring Khabarovsk region, requiring a period of travel in special containers enriched with oxygen. 2020 was the first year the fish were grown in dedicated ponds in the Petropavlovka village of the Amur region, before being released. As a result of the corporate compensation activities, the region has now commenced plans to develop its own fish hatchery.

The average weight of each released fish is 7.5 grams. The fish will take two-three years to grow to an average weight of 3-4 kilograms.
LAND MANAGEMENT, HA

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total land in use</td>
<td>9,530</td>
<td>10,784</td>
<td>11,219</td>
</tr>
<tr>
<td>Disturbed in the reporting period</td>
<td>450</td>
<td>0</td>
<td>1,196</td>
</tr>
<tr>
<td>Rehabilitated in the reporting period</td>
<td>734</td>
<td>1,001</td>
<td>305</td>
</tr>
</tbody>
</table>

2018 - 2019 data has been restated to align corporate reporting with national format.

At the start of 2021, Petropavlovsk reviewed its mine closure plans and increased provisions of funds for their future rehabilitation. A total of US$70.55m was allocated for closing, restoration and environmental obligations.

ENERGY MANAGEMENT

VYACHESLAV SUSLOV, HEAD OF ENERGY SERVICES

Vyacheslav Suslov has been with Petropavlovsk since 2012. A professional electrical engineer, he previously worked for Eurochem, Polys and Navoi mining complex in Uzbekistan. His team is responsible for ensuring there is a continuous electricity supply to the Petropavlovsk production sites and shift camps, and are constantly focused on energy-saving solutions and optimal use of industrial equipment, pumps and ventilation.

“The energy balance of the Amur region, where Petropavlovsk assets are based, is 88% comprised of hydropower and 12% of fossil-fuel power. Current legislation doesn’t allow Petropavlovsk to buy electricity directly from producers. As the region’s energy system is evolving, the company may be granted the right to buy electricity directly from hydropower stations in the future.”

Petropavlovsk has already committed to cease all coal usage by 2030. This plan is dependent on the government’s joint program with Gazprom to build a link from the Power of Siberia pipeline to supply the Amur region with natural gas.

The company’s Pokrovskiy POX Hub is listed as a priority site in the regional gasification program which will allow it to shift to gas-fuelled boilers. Petropavlovsk is also working to replace the coal-fuelled boiler at the Pioneer shift camp with a gas-fuelled boiler. To heat Pioneer’s flotation and crushing units, a diesel-fuelled boiler was installed, which has the possibility to be switched to natural gas later on.

Other sustainable energy initiatives include deploying solar panels at Albyn mine to power the lights and using heat from the Pokrovskiy POX to heat the nearby shift camp. This solution partially replaces the boiler, saving an estimated 450 cubic meters of diesel fuel per year.

“The bulk of our diesel fuel usage is directed towards running mining machinery and automobile transport. We are studying ways to reduce diesel consumption, however it largely depends on the development of new technology and its applicability to our climate conditions. In the future, it would be possible to deploy self-driving electric vehicles or trucks powered by alternative fuel for transporting ore at our mines.”

MINE CLOSURE AND LAND REHABILITATION

As a mining company, we fully acknowledge our responsibility to ensure that the landscape is restored as closely as possible to its original state following decommissioning. To date, the group has not decommissioned any of its operations, as the Pokrovskiy mine is the only project to have reached end of life, and its facilities have continued to be fully utilised for reuse by the POX Hub.

Ongoing rehabilitation is an integral part of mining operations at all our operating sites. Closure plans for our operations are prepared as part of the initial permitting process and are updated as the mines approach the end of their operating lives.
Mining and processing are energy intensive activities, and various sources are required to sustain the group’s operations. Energy represents some 9% of the net operating expenses, with approximately 4% corresponding to fuel and 5% to electricity. The group’s operations benefit from the production of renewable energy in the Amur region. This energy is generated from two major hydropower dams, which are a reliable source of low cost and high value electricity. Electricity is provided via power supply agreements with a major supplier to the Amur region.

The group’s energy management is based on Russian regulatory requirements. All the group’s facilities are constructed in full compliance with the Federal Law, which specifies obligations surrounding internal microclimates and other operating conditions that ensure efficient use of energy resources. We are committed to decreasing the level of energy used in our operations and we implement the following measures to increase our energy efficiency:

- Design solutions with integrated space-planning and strategic positioning of the buildings;
- Using modern equipment with increased efficiency;
- Energy-saving light sources (led lamps) and automatic control of outdoor lighting;
- Placing switchgears near the location of concentrated loads; and
- Implementing waste heat recovery systems.

We continue to make significant progress with our goal of becoming a coal-free business and are confident that we will achieve this by 2030.

During 2020, in line with our strategy to reduce our reliance on fossil fuel, the group further increased its share of electricity in the overall energy mix to 50% compared to 46% in 2019. Energy usage decreased by 2% in 2020 and the group recorded another year of improvement in energy efficiency by 8%.

<table>
<thead>
<tr>
<th>ENERGY CONSUMPTION AND EFFICIENCY</th>
<th>UNIT</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal 000 kWh</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diesel 000 kWh</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petrol 000 kWh</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kerosene 000 kWh</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity 000 kWh</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total 000 kWh</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy efficiency kWh/oz</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CARBON FOOTPRINT AND CLIMATE CHANGE

Recognising the impact of carbon emissions on climate change, we endeavour to minimise the GHG emissions deriving from our operations and mitigate the risks to our business posed by climate change. Climate change mitigation issues are governed at board level, and also fall under the responsibility of the SSW committee. Petropavlovsk’s efforts to decrease its GHG emissions are focused on three key pillars:

- Implementing energy efficiency measures and modern technologies, such as waste heat recovery;
- Eliminating coal-based energy generation by replacing it with natural gas; and
- Decreasing diesel consumption by switching to electricity.

In 2020, the group’s absolute GHG emissions were 2% below 2019 levels and GHG intensity was further reduced by 6%.

<table>
<thead>
<tr>
<th>GREENHOUSE GAS (GHG) EMISSIONS</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 Direct emissions t CO₂e</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 2 Indirect emissions t CO₂e</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total emissions t CO₂e</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GHG intensity t CO₂e/oz</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Carbon intensity associated with our mining operations in the Amur region remained broadly unchanged and stood at 0.029 t of CO₂e per tonne of ore processed.

Petropavlovsk has been reporting GHG Scope 1 emissions since 2007 and Scope 2 emissions with associated GHG intensity since 2013. As we recognise the growing importance of assessing and reporting the impact of the Scope 3 emissions associated with our value chain, in 2020 we initiated a group-wide assessment of potential Scope 3 emissions sources covering both upstream and downstream categories. As a result of this, we were able to calculate our downstream Scope 3 emissions from investment, amounting to 49,502 t in 2020.

Going forward, in 2021 we plan to undertake a scope 3 estimation exercise and quantify our Scope 3 emissions to cover all remaining categories. The next steps to progress further with developing our Scope 3 methodology will require the categorisation of over 1,000 suppliers and their products into 15 categories.

In 2020, Petropavlovsk continued to improve the alignment of its corporate reporting with GHG Corporate Protocol and included further minor emissions sources associated with administrative sites into calculations.
of our total GHG emissions and energy consumption. More information on our corporate methodology is available on page 38 in our 2020 annual report.

As part of our commitment to improve climate-related disclosures, in 2020 Petropavlovsk participated in CDP Climate Change, achieving a ‘D’ score (up from ‘F’ in 2019). In 2021, we plan to develop a roadmap to achieve better scores and maintain a high level of awareness surrounding climate change.

The group recognises the importance of addressing climate change risks and is committed to adopting recommendations of the task force on climate-related financial disclosures (TCFD) next year.

PERMAFROST MANAGEMENT
The climate in the Amur region, where the group’s assets are located, is characterised by long, cold winters and short, hot summers, with average temperatures ranging from -27°C to +42°C in the south. Despite these climatic variations, Petropavlovsk’s hard-rock mines operate throughout the year, with the probability of extreme weather factored into the design of all facilities and machinery.

While our Albyn mine, which represents 23% of the group’s production, is located in the permafrost zone, our Pokrovskiy, Pioneer and Malomir sites only have some occurrence of insular permafrost.

The potential risks associated with permafrost include an increase in water levels during floods and decrease in structural stability. We mitigate against these risks by carrying out regular monitoring, ensuring full compliance with design, construction and emergency planning.

The risks associated with permafrost are a key engineering concern. Therefore, at the design stage we take care to assess the potential impact of the degradation of permafrost and integrate these considerations into the construction of all our infrastructure and facilities.

The specific solutions are applied to ensure the safety of the fuel storage facilities, such as using anti-filtration foundations, bunding of tanks and installing fuel spill sensors. Overall, the risks to Petropavlovsk’s operations assisted with permafrost melting are considered to be very low, and as a result the potential negative consequences are negligible. This is because the underlying rock is very hard, so even in a thawed state, the rock retains its strength, making the structures stable. To date there have been zero incidents or indications of the permafrost ground thawing underneath the buildings.
ESG PERFORMANCE OVERVIEW

Petropavlovsk appreciates that in recent years, ESG has become a pre-requisite in the screening process for many investors, who increasingly rely on external data providers. Conscious of the rising importance of ESG credentials, we are fully supportive of a wider movement towards greater transparency, and are committed to ensuring greater levels of non-financial performance disclosures in communications with our stakeholders. In 2020, we received our inaugural CDP ratings, having initiated our participation in the climate change, water security and forests questionnaires.

Our effective information disclosure and sustainability performance have been acknowledged by reputable international ratings, where continued improvements in ratings assessments were achieved in 2020.

We are pleased to report significantly higher rankings in Sustainalytics and FTSE Russell and a maintained MSCI rating. Other notable successes included moving from 25th place in the annual Environmental transparency rating for Metals & Mining companies (WWF Russia) to 13th place in 2020, as well as being included in the FTSE4Good UK Index.

Whilst we are pleased with the current results, we are determined to maintain our effort to further enhance our sustainability practices and high ESG disclosure standards.

An overview of Petropavlovsk’s performance in major international ESG ratings in 2020 is outlined below.

**WWF**
**RUSSIAN METALS AND MINING COMPANIES ENVIRONMENTAL TRANSPARENCY RATING**

Ranked 13 out of 40
*(UP FROM 25 IN 2019)*

**FTSE4Good**

3.3  
*(UP FROM 2.9 IN 2019)*

**MSCI**

BB  
*(BB IN 2019)*

**ISS ESG**

C- (MEDIUM)  
*(JUNE 16, 2020)*

**CDP**

Climate Change: D  
*(UP FROM F IN 2019)*

Water Security: B-  
*(UP FROM F IN 2019)*
1. INTRODUCTION

1.1. TERMS OF REFERENCE
Wardell Armstrong International (WAI) has been engaged by Petropavlovsk PLC (Petropavlovsk) to provide independent, basic, limited level assurance of the sustainability section of the 2020 Petropavlovsk Sustainability Report, hereafter referred to as ‘the Sustainability Report,’ or ‘Report.’ This assurance statement focuses on the way Petropavlovsk manages sustainability performance, and how Petropavlovsk communicates its sustainability reporting.

In addition to assurance of the Sustainability Report, Petropavlovsk requested preliminary assurance that the data reported and available for the preparation of the Report were suitable and sufficient for their intended purpose.

The assurance statement presented herein also includes an assessment of Petropavlovsk’s performance and progress regarding three requested Key Performance Indicators (KPIs).

- Greenhouse gas emissions;
- Water consumption; and,
- Lost time injury frequency rate.

1.2. PROFESSIONAL STANDARDS APPLIED AND LEVEL OF ASSURANCE
The basic, limited level assurance presented herein has been carried out in accordance with internationally recognised standards namely, the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness, and Impact Standards (AA1000AP (2018)), ICMM Assurance and Validation Procedure (2021), Global Reporting Initiative Standards; and International Best Practice.

1.3. LIMITATIONS AND EXCLUSIONS
Due to the level of assurance required, a high-level overview of data supplied to WAI was undertaken. Additional information that has not been reviewed may lead to a differing understanding or interpretation of Petropavlovsk’s sustainability performance during the reporting period than that presented herein.

The information and data that have been assured and their presentation in the Sustainability Report are the sole responsibility of the management of Petropavlovsk. WAI was not involved in the drafting of the Report. WAI’s sole responsibility has been to provide independent assurance on the Report’s content only.

The geographical scope of the limited assurance statement addresses Petropavlovsk’s Pokrovskiy, Pioneer, Malomir and Albyn assets only.

2. METHODOLOGY

2.1. ACTIVITIES UNDERTAKEN
The following activities were carried out to accomplish the preparation of the Preliminary data and information assurance:

- Discussion with Petropavlovsk’s Corporate Sustainability and ESG Manager;
- Review of internal and external documentary evidence produced by Petropavlovsk to inform the Sustainability Report;
- Audit of performance data presented within the Sustainability Report, focusing on the three KPIs; and
- A high level review, and detailed review where possible of Petropavlovsk’s available data, and an assessment of the information systems used for the collection, aggregation, analysis and internal review and verification.

3. FINDINGS

3.1. GENERAL
On the basis of the described methodology, the data provided, and our understanding of the activities carried out by Petropavlovsk, WAI’s findings from the information and data review are summarised as follows:

- The information and data included in the Sustainability Report correspond to the information and data provided by Petropavlovsk to WAI for the preparation of the basic level assurance statement. As such, the Sustainability Report is considered to be accurate, reliable and free from material misstatements;
- WAI considers that the Sustainability Report provides a fair representation of performance and allows a balanced opinion to be reached regarding Petropavlovsk’s sustainability performance during the 2020 reporting period;
- Based on comprehensive data received and reviewed by WAI, it is apparent that Petropavlovsk have an effective monitoring system that is implemented consistently by the Pokrovskiy, Pioneer, Malomir and Albyn assets;
- Petropavlovsk has appropriate systems in place for the collection and analysis of environmental KPIs;
- Consistent and effective environmental and health and safety monitoring continued throughout the 2020 COVID-19 pandemic;
- The processes for consultation and engagement with key internal and external stakeholders identified by the 2019 limited assurance statement remained relevant for the 2020 reporting period. However, stakeholder engagement was reduced due to the 2020 COVID-19 pandemic;
- Challenges encountered in 2020 prevented some corporate level policies from being implemented at the assets. However, at the time of the publication of the 2020 Sustainability Report, the roll-out of policies was proceeding;
- Sustainability aspects of Petropavlovsk’s operations continue to be managed in compliance with Russian Legislation;
- Information presented in the Sustainability Report is well structured, accessible and clear to all stakeholders;
- The Sustainability Report has been prepared in accordance with the GRI Standards and includes appropriate consideration of the Reporting Principles; and
- Petropavlovsk’s management and site teams show support to a company-wide commitment to responsible mining practices at operations and projects, which has been assisted by the company having developed its environmental staff resources.

3.2. GREENHOUSE GAS EMISSIONS
Petropavlovsk’s reporting during 2020 is considered to comply with AA1000AP (2018). Petropavlovsk implement an effective atmospheric emissions data collection system for all assets. Each mine records fuel usage figures for their particular operations using fuel metering sensors, and data is reported quarterly to the Department of Environmental Safety in compliance with the regulatory requirement. Accuracy of GHG emission reporting is summarised as follows:

- Scope 1 emissions are reported and the accuracy of the data are most likely within +/-5% - currently emissions from explosives and ground disturbance are excluded although this is considered likely to contribute a relatively small amount to Scope 1 emissions. In this respect change since the 2019 reporting period has not occurred;
- Scope 2 emissions are reported. Whilst WAI has not witnessed first-hand the data collection for electricity usage, WAI has concluded that Petropavlovsk are reporting Scope 2 emissions in line with the GHG Protocol. Petropavlovsk’s electricity supplier is unable to provide a supplier-specific emission factor for the hydropower from the Amur Region, in the absence of which Petropavlovsk
calculate Scope 2 emissions using the location-based method outlined in the GHG Protocol. The accuracy of Scope 2 emissions is expected to be within +/- 5%, based on the use of published grid emissions factors by IEA; and

- Scope 3 emissions - Petropavlovsk is not obliged to report Scope 3 emissions. However, Petropavlovsk has chosen to do so and will include them in the report for 2021.

3.3. WATER CONSUMPTION
Petropavlovsk’s operations conform to Russian Federation regulations that prohibit discharge of water whilst also incentivising organisations to use process water and limit unnecessary new water withdrawals. The water data presented in the Water Management section of the Report are clear, understandable and corresponds with the data reviewed by WAI. Water consumption, re-use and freshwater withdrawal are recorded and reported for each of the asset groups as well as in total for Petropavlovsk’s portfolio.

The data continue to indicate the principal year-on-year trend in water abstraction, consumption and the requirement to dispose of increased volumes of wastewater.

As noted in 2020, in subsequent years, statistical data quantification and tracking water abstraction, utilisation and reuse will benefit from Petropavlovsk’s aim to harmonise water accounting in line with other international standards including ICMM and other water reporting mechanisms such as CDP Water, GRI and CEO Water Mandate.

3.4. LOST TIME INJURY FREQUENCY RATE
Petropavlovsk has achieved improvement over the 2020 reporting period through developing and implementing a Lost Time Injury Frequency Rate (LTIFR) reporting tool. WAI considers Petropavlovsk’s method for collecting and collating H&S statistics is acceptable and is carried out regularly and across all assets.

Injury data for the reporting period from 01 January 2020 to 31 December 2020 have been reviewed by WAI. The KPI for LTIFR is calculated in an acceptable manner and shows an improving trend. The accident analysis submitted for review by WAI corresponds to the information presented in the Sustainability Report.

WAI’s assessment of the data has concluded that Petropavlovsk can achieve further improvements and reduce the risk of injury by concentrating on the main causes of LTIs.

4. ADHERENCE TO THE PRINCIPLES OF AA1000AS

4.1. INCLUSIVITY
The Sustainability Report section identifies groups of key stakeholders and details forms of information dissemination that are utilised by Petropavlovsk for both internal and external stakeholders. WAI has received data that demonstrates Petropavlovsk’s investment in social and health projects that correspond to the statements presented in the Report. Greater emphasis investing in projects that will have lasting benefits for indigenous peoples, local stakeholders’ health and education should be a primary focus for bringing lasting socio-economic benefits to the Amur Region, whilst preserving cultural diversity.

Petropavlovsk has stated that the company engages with local indigenous communities and in 2020 the Albyn mine signed an Agreement with the Association of Indigenous Minorities of the North of the Selemdzhinsky for a second year. Under this agreement Petropavlovsk has committed to assisting in the development of the local community. Petropavlovsk has stated that during the 2020 COVID-19 pandemic the company proactively responded to protect the health and wellbeing of all its employees as well as the communities within which it operates. In this regard during the 2020 COVID-19 pandemic the company provided assistance to local communities and health care institutions through the provision of masks and hand-sanitisers.

Stakeholder engagement and participation in 2020 were curtailed due to the COVID-19 pandemic, including the preparation and roll-out of social management plans and formalised stakeholder engagement plans for each asset. It is understood that the mechanisms to bring Petropavlovsk’s social performance in line with the requirements of the IFC Performance Standards are currently being developed. Emphases should be placed on the importance of Petropavlovsk making firm commitments to social and cultural diversity, including the allocation of finances and resources to achieve initiatives and projects.

4.2. MATERIALITY
The Sustainability Report indicates that Petropavlovsk has developed its approach to reporting materiality by identifying relevant sustainability issues that may affect both the company and its stakeholders. Initiatives undertaken by Petropavlovsk that may bring short-, medium- and long-term benefits to the company and stakeholders are outlined in the Sustainability Report. Greater emphasis and focus is required both in terms of developing materiality and reporting materiality in subsequent sustainability reports.

4.3 RESPONSIVENESS
As reported in 2019, Petropavlovsk has minimum requirements and systems to respond to Stakeholder issues in the company’s grievance mechanism. Access to the grievance mechanism was developed and rolled out in 2021 to include a hotline, email and social media in an effort to increase responsiveness. Petropavlovsk has developed its responsiveness since 2019, which is expected to benefit both stakeholders and the company alike. WAI has reviewed a range of policies developed by Petropavlovsk during 2020 that will assist with achieving responsiveness and transparency and key performance indicators. The policies have been and will continue to be rolled out during 2021.

5. STATEMENT BY WAI OF INDEPENDENCE, INTEGRITY AND COMPETENCE

WAI is an independent technical engineering company that specialises in engineering, health, safety, environmental and social management with over 180 years history of providing technical and audit advice to the mining industry. WAI has no vested interest in any particular technology, supplier or contractor associated with Petropavlovsk.

Work was carried out by an independent professionally qualified team with experience in sustainability reporting and environmental and social audits. No member of this team has a business relationship with Petropavlovsk, its directors or managers, beyond that of verification and assurance of sustainability data and reporting.

WAI confirms no conflict of interest exists with respect to this commission.

Approved by

Alison Allen, Technical Director
12 July 2021
Petropavlovsk continues to uphold the ten principles of the United Nations Global compact. Our Sustainability report communicates our progress in implementing the principles into our business. We have mapped the principles against our various sustainability aspects and specific report sections below.

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<td>The share of workers who are not employees is insignificant in the context of group’s total number of employees. Contractors are required for the underground operations, transportation and security services.</td>
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The new methodology was applied to GHG emissions reporting in 2020 to reflect a wider scope of emissions sources. We were unable to restate the data for energy consumption and GHG emission in 2009 and 2019.

**Report profile**

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<td>Olga Mayorova <a href="mailto:om@petropavlovskplc.com">om@petropavlovskplc.com</a> +44 (0) 20 7201 8900</td>
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**GRI material topics**

**Economic performance**

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Suppliers from Moscow and regions, the Amur region, Khabarovsk region and other regions of the far east are considered to be local.

**Anti-corruption**

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<td>40 Water consumption is assessed by instrumental control.</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>GRI 103: Management approach</td>
<td>GRI 103 – 1 Explanation of the material topic and its boundary.</td>
<td>19-20, 43</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GRI 103 – 2 The management approach and its components.</td>
<td>21, 39, 43-44</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GRI 103 – 3 Evaluation of the management approach.</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>GRI 304: Biodiversity</td>
<td>GRI 304 – 1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.</td>
<td>43 Zero</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GRI 304 – 4 IUCN Red List species and national conservation list species with habitats in areas affected by operations.</td>
<td>17 species in national conservation list, including 8 species in IUCN Red List: – Least Concern (LC) – 6 species; and – Near Threatened (NT) – 2 species.</td>
</tr>
<tr>
<td>Emissions</td>
<td>GRI 103: Management approach</td>
<td>GRI 103 – 1 Explanation of the material topic and its boundary.</td>
<td>19-20, 41, 45</td>
</tr>
<tr>
<td>GRI STANDARD</td>
<td>DISCLOSURE NUMBER</td>
<td>DISCLOSURE</td>
<td>PAGE REFERENCE AND NOTES</td>
</tr>
<tr>
<td>--------------</td>
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<td>------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>GRI 103 – 2</td>
<td>The management approach and its components.</td>
<td>40, 41, 45</td>
<td></td>
</tr>
<tr>
<td>GRI 103 – 3</td>
<td>Evaluation of the management approach.</td>
<td>41, 45</td>
<td></td>
</tr>
<tr>
<td>GRI 305: Emissions GRI 305 – 1</td>
<td>Direct (Scope 1) GHG emissions.</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Biogenic CO₂ emissions are not generated at the group's operation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guidelines for the inventory of greenhouse gas emissions in Russia at the regional level (based on IPCC Guidelines for National Greenhouse Gas Inventories) are used for the quantification of GHG emissions, including definition of country-specific emission factors and categorisation of mobile sources.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100-year GWP values are used for the included GHGs as defined in IPCC Assessment Report: CO₂ - 1; CH₄ - 21, N₂O - 310.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>De minimis for defining inventory – 50 tonnes of CO₂e/year (0.02% of total yearly Scope 1 GHG emissions).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305 – 2</td>
<td>Energy indirect (Scope 2) GHG emissions.</td>
<td>45, 49</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Base year has not been set for the GHG emissions calculation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reported as location-based and calculated using the latest available International Energy Agency (IEA) electricity conversion factor for the Russian Federation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305 – 4</td>
<td>GHG emissions intensity.</td>
<td>24, 45</td>
<td></td>
</tr>
<tr>
<td>GRI 305 – 7</td>
<td>Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions.</td>
<td>41</td>
<td></td>
</tr>
</tbody>
</table>

**Effluents and waste**

| GRI 103: Management approach GRI 103 – 1 | Explanation of the material topic and its boundary. | 19-20, 40 |
| GRI 103 – 2 | The management approach and its components. | 39, 41-42 |
| GRI 103 – 3 | Evaluation of the management approach. | 40, 41-42 |
| GRI 306: Effluents and waste GRI 306 – 2 | Waste by type and disposal method. | 42 |
| GRI 306 – 3 | Significant spills. | Zero |

**Environmental compliance**

| GRI 103: Management approach GRI 103 – 1 | Explanation of the material topic and its boundary. | 19-20, 39-40 |
| GRI 103 – 2 | The management approach and its components. | 39, 41 |
| GRI 103 – 3 | Evaluation of the management approach. | 40-42 |
| GRI 307: Environmental compliance GRI 307 – 1 | Non-compliance with environmental laws and regulations. | 40 |

**Employment**

| GRI 103: Management approach GRI 103 – 1 | Explanation of the material topic and its boundary. | 17, 19-20, 29 |
| GRI 103 – 2 | The management approach and its components. | 17, 29 |
| GRI 103 – 3 | Evaluation of the management approach. | 17, 30 |
### GRI 401: Employment

**GRI 401 – 1 New employee hires and employee turnover.**

A total of 2,839 employees were hired during the reporting period (32% hire rate), among them 2,100 (24%) were male and 739 (8%) were female; 1,030 (12%) were younger than 30 yrs. old, 1,448 (16%) were 30-50 yrs. old, and 361 employees (4%) were older than 50 yrs. old. 21% are residents of the Amur region, 8% are residents of other regions of the far east of Russia, 2% are residents of other Russian regions, less than 1% are resident of CIS countries and the UK.

3,075 employees left the company during the reporting period (35% turnover rate) during the reporting period, among them 2,364 (27%) were male, 711 were female (8%); 860 employees were younger than 30 yrs. old (10%), 1,696 employees were 30-50 yrs. old (19%), 519 employees were older than 50 yrs. old (6%). 22% are residents of the Amur region, 9% are residents of other regions of the far east of Russia, 2% are residents of other Russian regions, less than 1% are residents of CIS countries and the UK.

### Occupational health and safety

**GRI 403: Occupational health and safety**

**GRI 403 – 1 Occupational health and safety management system.**

**GRI 403 – 2 Hazard identification, risk assessment, and incident investigation.**

**GRI 403 – 3 Occupational health services.**

**GRI 403 – 4 Worker participation, consultation, and communication on occupational health and safety.**

**GRI 403 – 5 Worker training on occupational health and safety.**

30 hrs. of health and safety training per employee on average.

**GRI 403 – 6 Promotion of worker health.**

**GRI 403 – 7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships.**

**GRI 403 – 9 Work-related injuries.**

Rate of fatalities: 2020 - 0; 2019 - 0; 2018 - 0.07
Number of recordable injuries: 2020 - 24; 2019 - 25; 2018 - 38
Disclosure without the rate and number of high consequence injuries.

### Training and education

**GRI 103: Management approach**

**GRI 103 – 1 Explanation of the material topic and its boundary.**

**GRI 103 – 2 The management approach and its components.**

**GRI 103 – 3 Evaluation of the management approach.**
<table>
<thead>
<tr>
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<th>DISCLOSURE</th>
<th>PAGE REFERENCE AND NOTES</th>
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<tr>
<td>GRI 404: Training and education</td>
<td>GRI 404 – 1</td>
<td>Average hours of training per year per employee.</td>
<td>32</td>
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<tr>
<td>Diversity and equal opportunity</td>
<td></td>
<td>Disclosure without breakdown of training by gender and employee.</td>
<td></td>
</tr>
<tr>
<td>GRI 103: Management approach</td>
<td>GRI 103 – 1</td>
<td>Explanation of the material topic and its boundary.</td>
<td>19-20, 24, 29</td>
</tr>
<tr>
<td></td>
<td>GRI 103 – 2</td>
<td>The management approach and its components.</td>
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<tr>
<td></td>
<td>GRI 103 – 3</td>
<td>Evaluation of the management approach.</td>
<td>24, 29</td>
</tr>
<tr>
<td>GRI 405: Diversity and equal opportunity</td>
<td>GRI 405 – 1</td>
<td>Diversity in governance bodies and employees.</td>
<td>24, 29-30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Board breakdown by age: 30-50: 2 50-70: 1 70+: 2</td>
<td></td>
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<tr>
<td>Non-discrimination</td>
<td>GRI 103: Management approach</td>
<td>GRI 103 – 1</td>
<td>Explanation of the material topic and its boundary.</td>
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<td></td>
<td>GRI 103 – 2</td>
<td>The management approach and its components.</td>
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<td>GRI 103 – 3</td>
<td>Evaluation of the management approach.</td>
<td>24, 29</td>
</tr>
<tr>
<td>Freedom of association and collective bargaining</td>
<td>GRI 103: Management approach</td>
<td>GRI 103 – 1</td>
<td>Explanation of the material topic and its boundary.</td>
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<tr>
<td></td>
<td>GRI 103 – 2</td>
<td>The management approach and its components.</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>GRI 103 – 3</td>
<td>Evaluation of the management approach.</td>
<td>32</td>
</tr>
<tr>
<td>GRI 407: Freedom of association and collective bargaining</td>
<td>GRI 407 – 1</td>
<td>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.</td>
<td>32</td>
</tr>
<tr>
<td>Rights of indigenous peoples</td>
<td>GRI 103 – 1</td>
<td>Explanation of the material topic and its boundary.</td>
<td>19-20, 33-34</td>
</tr>
<tr>
<td></td>
<td>GRI 103 – 2</td>
<td>The management approach and its components.</td>
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<tr>
<td></td>
<td>GRI 103 – 3</td>
<td>Evaluation of the management approach.</td>
<td>18, 33-34</td>
</tr>
<tr>
<td>GRI 411 – 1</td>
<td>Incidents of violations involving rights of indigenous peoples.</td>
<td>Zero.</td>
<td></td>
</tr>
<tr>
<td>Local communities</td>
<td>GRI 103: Management approach</td>
<td>GRI 103 – 1</td>
<td>Explanation of the material topic and its boundary.</td>
</tr>
<tr>
<td></td>
<td>GRI 103 – 2</td>
<td>The management approach and its components.</td>
<td>18, 33-37</td>
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<tr>
<td></td>
<td>GRI 103 – 3</td>
<td>Evaluation of the management approach.</td>
<td>18, 33-37</td>
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<tr>
<td>GRI 413: Local communities</td>
<td>GRI 413 – 1</td>
<td>Operations with local community engagement, impact assessments and development programmes.</td>
<td>33</td>
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APPENDIX, GLOSSARY AND DEFINITIONS

For the year ended 31 December 2020

IMPORTANT INFORMATION
Past performance of Petropavlovsk PLC or any other company referred to in this document cannot be relied on as a guide to its future performance. Some figures may be rounded. The content of websites referred to in this document does not form part of this document.

FORWARD-LOOKING STATEMENTS
This document may include statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms ‘believes’, ‘estimates’, ‘plans’, ‘targets’, ‘seeks’, ‘projects’, ‘anticipates’, ‘expects’, ‘intends’, ‘forecast’, ‘may’, ‘will’ ‘would’ or ‘should’ or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, targets, future events or intentions.

These forward-looking statements include all matters that are not historical facts and speak only as at the date of this document. They appear in a number of places throughout this document and include, but are not limited to, statements regarding the group’s intentions, beliefs or current expectations concerning, among other things, the group’s operational results, financial position, liquidity, prospects, growth, strategies, estimation of mineral reserves and resources and strategies, exchange rates, the price of gold and industry expectations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances outside the control of the group. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the group operates may differ materially from those described in, or suggested by, any forward-looking statements contained in this document.

In addition, even if the development of the markets and the industry in which the group operates are consistent with the forward-looking statements contained in this document, those developments may not be indicative of developments in subsequent periods. A number of factors could cause results and/or developments to differ materially from those expressed or implied by the forward-looking statements contained in this document, those developments may not be indicative of developments in subsequent periods. A number of factors could cause results and/or developments to differ materially from those expressed or implied by the forward-looking statements contained in this document, including, without limitation, general economic and business conditions, demand, supply and prices for gold and other long-term commodity price assumptions (and their effect on the timing and feasibility of future projects and developments), trends in the gold mining industry and conditions of the international gold markets, competition, actions and activities of governmental authorities (including changes in laws, regulations or taxation), currency fluctuations (including as between the US Dollar and Rouble), the group’s ability to recover its reserves or develop new reserves, changes in its business strategy, any litigation, and political and economic uncertainty.

Except as required by applicable law, rule or regulation (including the Listing and Disclosure Guidance and Transparency Rules), the group is under no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Past performance cannot be relied on as a guide to future performance.

Nothing in this publication should be considered to be a profit forecast and no statement in this document should be interpreted to mean that earnings per share for the current or future financial years would necessarily match or exceed the historical published earnings per share. This document does not constitute or form part of an invitation to sell or issue, or any solicitation of any offer or invitation to purchase or subscribe for, any securities.
<p>| <strong>AGM</strong> | The annual general meeting of the company in the relevant financial year. |
| <strong>annual report</strong> | Petropavlovsk annual report and accounts for the year ended 31 December 2020. |
| <strong>audit committee</strong> | The audit committee of the board. |
| <strong>autoclave</strong> | Equipment used as part of the pressure oxidation (POX) process to facilitate gold extraction from refractory concentrate by using a combination of high temperature, pressure and pure oxygen to break down the sulphides encapsulating the gold. |
| <strong>backfill</strong> | Waste material used to fill the void created by mining an ore body. |
| <strong>board</strong> | The board of directors of the company. |
| <strong>CEO or Chief Executive</strong> | The Chief Executive Officer of the company. |
| <strong>company</strong> | The company, Petropavlovsk PLC, registered in England and Wales with company number 04343841. |
| <strong>concentrate</strong> | A semi-finished product (from which waste mineral has been removed), containing a significantly higher quantity of gold per unit of weight than was originally mined and which requires additional processing at the POX Hub before it can be processed in the usual way, using the company’s RIP facilities. |
| <strong>deposit</strong> | Natural occurrence of a mineral or ore, in sufficient quantity and concentration to enable exploitation. |
| <strong>doré</strong> | Unrefined / impure alloy of gold and silver produced at the mine before being sent to a refinery for additional purification. |
| <strong>executive director or executive</strong> | An executive director of the company. |
| <strong>exploration</strong> | Prospecting, sampling, mapping, drilling and other work involved in searching for ore. |
| <strong>flotation</strong> | The process of separation, extraction and concentration of ore that results in the production of a high-grade refractory concentrate to be processed inside the autoclaves at the POX Hub. As part of the flotation process, certain mineral particles are induced to float by becoming attached to bubbles of froth while the unwanted mineral particles sink. |
| <strong>Foundation or the Petropavlovsk Foundation</strong> | The Petropavlovsk Foundation for Social Investment. |
| <strong>g/t</strong> | Grams per metric tonne. |
| <strong>grade</strong> | Amount of gold contained in a tonne of gold bearing ore, expressed in grams per metric tonne. |
| <strong>GHG</strong> | Greenhouse gas emissions. |
| <strong>group</strong> | The company and its direct and indirect subsidiaries and subsidiary undertakings (as defined in section 1159 of the Companies Act), from time to time. |
| <strong>HSE</strong> | Health Safety and Environmental. |
| <strong>hydrotechnical storage facility</strong> | An open-air storage facility used to store by-products and residue produced during the process of extracting gold from the ore. |
| <strong>IR</strong> | Investor Relations. |
| <strong>koz</strong> | Thousand ounces. |
| <strong>KPI</strong> | Key performance indicator, used to monitor progress and performance against strategic objectives and to benchmark the group’s performance. |
| <strong>ktpa</strong> | Thousand tonnes per annum. |
| <strong>life of mine</strong> | Remaining years of production at a particular location or asset, based on production rates and ore reserves, as per the company’s current mine plan. |
| <strong>Lost Time Injury Frequency Rate (LTIFR)</strong> | Time lost as a result of an accident or fatality, measured as the number of accidents per million man-hours worked. |
| <strong>m³/oz</strong> | Cubic meters per ounce of gold produced. |
| <strong>Mineral Resource</strong> | The concentration or occurrence of material of economic interest in or on the earth’s crust in such form, grade and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. |
| <strong>mining</strong> | The process of obtaining useful minerals from the earth’s crust via both underground and surface / open pit mining activities. |
| <strong>Mtpa</strong> | Million tonnes per annum. |
| <strong>nomination committee</strong> | The nomination committee of the board. |
| <strong>OHS or OH&amp;S</strong> | Occupational health and safety. |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>open pit</td>
<td>Large excavation developed to extract a mineral deposit located at or near the surface.</td>
</tr>
<tr>
<td>ore</td>
<td>Mineral rock that can be extracted, processed and sold profitably.</td>
</tr>
<tr>
<td>ore processed</td>
<td>Ore subjected to treatment at one of the group’s RIP processing plants.</td>
</tr>
<tr>
<td>ounce or oz</td>
<td>Troy ounce (31.1035 grams).</td>
</tr>
<tr>
<td>overburden</td>
<td>Material (usually soil and rock) that sits above the ore deposit and must be removed to expose the ore.</td>
</tr>
<tr>
<td>PR</td>
<td>Public Relations.</td>
</tr>
<tr>
<td>pressure oxidation (POX)</td>
<td>A high temperature and pressure process in which refractory ores (gold bearing sulphides) are oxidised to render gold amenable to cyanide leaching.</td>
</tr>
<tr>
<td>recovery rate</td>
<td>Quantity of metal physically extracted from the processing of ore, as a percentage of total metal content after accounting for mining losses.</td>
</tr>
<tr>
<td>refractory ore</td>
<td>Ore that is ordinarily difficult to treat for recovery of the valuable element using traditional processing techniques. Refractory gold ore requires additional treatment, such as pressure oxidation (POX), roasting or bio-oxidation for efficient processing and gold recovery.</td>
</tr>
<tr>
<td>remuneration committee</td>
<td>The remuneration committee of the board.</td>
</tr>
<tr>
<td>remuneration policy</td>
<td>The directors’ remuneration policy as approved by the shareholders and in force in the relevant financial year.</td>
</tr>
<tr>
<td>resin-in-pulp (RIP)</td>
<td>Processing technique by which a resin medium is used to absorb the desired element from solution or pulp.</td>
</tr>
<tr>
<td>Resolution 19</td>
<td>The resolution, numbered 19 in the order of business of and approved by shareholders at the RGM, instructing the board to commission a forensic investigation to review certain transactions or arrangements entered into by the company or its subsidiaries or affiliates and IRC or its subsidiaries or affiliates with any former or current director or member of senior management in the three years to August 2020.</td>
</tr>
<tr>
<td>RGM</td>
<td>The requisitioned general meeting of the company held on 10 August 2020.</td>
</tr>
<tr>
<td>SSW committee</td>
<td>The safety, sustainability and workforce committee of the board.</td>
</tr>
<tr>
<td>stripping</td>
<td>Removal of waste rock to uncover an ore body in preparation for mining by open pit methods.</td>
</tr>
<tr>
<td>sustainability</td>
<td>The group’s health, safety, environmental and community relations.</td>
</tr>
<tr>
<td>t/koz</td>
<td>Tonnes per thousand of ounces of gold produced.</td>
</tr>
<tr>
<td>kWh/oz</td>
<td>Kilowatt per ounce of gold produced.</td>
</tr>
<tr>
<td>total gold production</td>
<td>Measured in troy ounces, total gold production is made up of gold produced from the group’s hard-rock mines as well as from the processing of refractory gold concentrate purchased from third party suppliers.</td>
</tr>
<tr>
<td>UK</td>
<td>The United Kingdom of Great Britain and Northern Ireland.</td>
</tr>
</tbody>
</table>