

## Corporate Governance

## Corporate governance system

The corporate governance model of Polyus PJSC ensures a proper balance between the interests of the Company's corporate governance participants, boosting business performance, supporting its strategic and operational goals, and increasing the shareholder value.

Polyus is constantly improving our governance approaches and principles to ensure they are relevant and fit for its goals, evolving with the changing needs of our growing business.

The Company seeks to take into account the interests not only of shareholders and investors but also of other stakeholders, engaging them in active dialogue and cooperation. By maintaining systematic and well-established communication with all stakeholders, the Company can assess its existing opportunities and objectives in the most comprehensive way, promptly respond to most challenges and ensure sustained growth across the group.

Most approaches to managing the Company and its key business processes are governed by the documents and policies implemented to formalize existing relations, to take into account the experience gained and to eliminate identified gaps. The Company regularly monitors the relevance of its adopted policies and procedures, updating them to reflect market practices and the interests of the corporate governance participants.

In the reporting year, corporate governance models in Russia in general and at the Company in particular faced significant new challenges that had a major impact on both general corporate governance practices and relevant regulation approaches and on how the new environment was reflected in organizing the Company's operations.

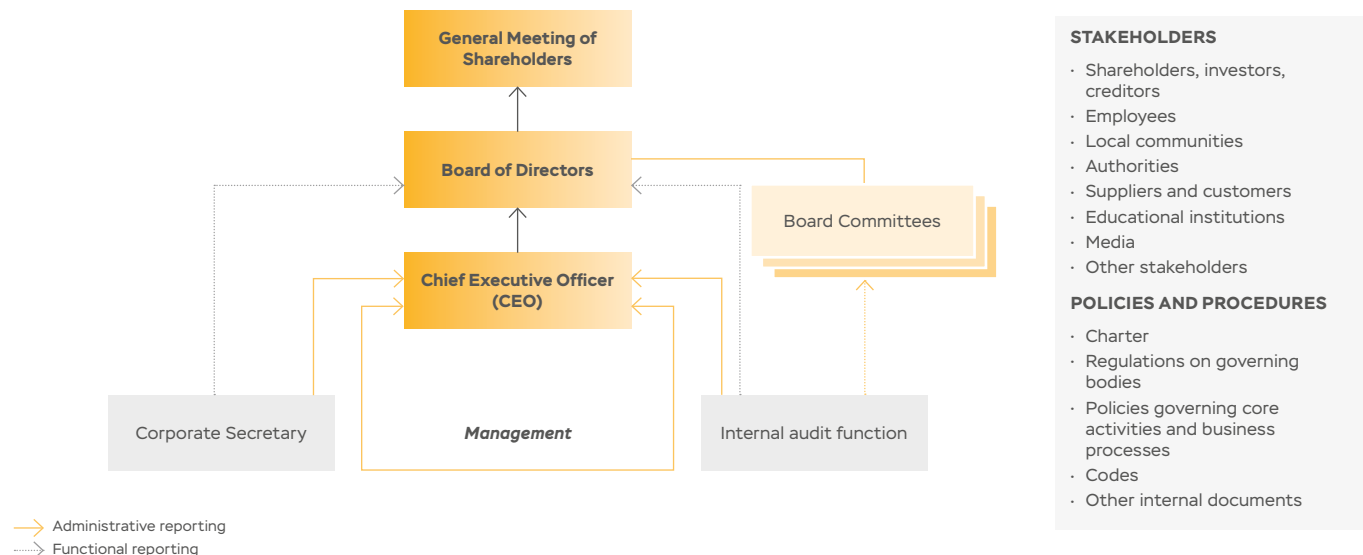
The ongoing COVID-19 restrictions continued to affect the Company's operations in 2022. However, the measures and efforts taken earlier to reduce this impact have stabilized the situation in general, and the Company has adjusted its corporate governance as necessary.

The sanctions imposed against the Russian economy in 2022 resulted in a number of material changes to the Company's day-to-day operations. Despite the stronger headwinds from the unprecedented sanctions, the lack of or inadequate information about possible lines of action in the new environment, and rapidly changing regulation, the corporate governance system in place at the Company made it possible to act promptly enough to incorporate new rules of conduct and adapt management tools to the new conditions.

The Company's corporate highlights in 2022 included:

- changes in the shareholding structure, resulting in the absence of controlling shareholders;
- significant changes in the membership of the Board of Directors and a new Board elected mostly from management team members;
- changes in the principles of, and approaches to, setting up the activities of the Board Committees; and
- changes in the approaches to operational and financial planning in the context of imposed restrictions.

## ELEMENTS OF CORPORATE GOVERNANCE SYSTEM OF POLYUS PJSC



## Corporate Governance

## Corporate governance system (continue)

## KEY DEVELOPMENTS RELATED TO THE COMPANY'S CORPORATE GOVERNANCE IN 2022

## JANUARY

- 31** Launch of a buyback program for up to 1.4% of Polyus PJSC shares

## FEBRUARY

- 08** Announcement of operating results for 4Q 2021 and 12M 2021

## MARCH

- 01** Announcement of financial results for 4Q 2021 and 12M 2021
- 05** Suspension of trading in Polyus PJSC GDRs on the LSE
- 09** Withdrawal from the Board of four out of nine Directors (Edward Dowling, Kent Potter, William Champion and Maria Gordon)
- 09** Election of Sergey Nossoff as Chair of the Board
- 18** Change in the shareholding structure (acquisition by Wandle Holdings Limited of 76.35% of Polyus PJSC shares from Polyus Gold International Limited)

## APRIL

- 04** Change in the shareholding structure (acquisition by Akropol Group Ltd of 29.99% of Polyus PJSC shares from Wandle Holdings Limited IJSC<sup>1</sup>)
- 04** Withdrawal from the Board of Said Kerimov
- 12** Appointment of Alexey Vostokov as Chief Executive Officer
- 12** Withdrawal from the Board of Pavel Grachev

## MAY

- 13** Said Kerimov ceased to be a shareholder in Polyus PJSC (Said Kerimov donated a 100% stake in Wandle Holdings Limited IJSC<sup>1</sup>, which owns 46.35% of Polyus PJSC, to the Fund for Support of Islamic Foundations)
- 13** Statement of the Fund for the Support of Islamic Foundations on entrusting the day-to-day management of Polyus PJSC's business to Company management
- 13** Obtaining permission to retain depositary receipt programs

## JUNE

- 06** Re-election of the Board of Directors from among Polyus PJSC management by the Extraordinary General Meeting of Shareholders
- 07** Election of Vladimir Polin as Chair of the Board

## JULY

- 22** Formation of Board Committees
- 29** Completion of Polyus PJSC share buyback programs

## AUGUST

- 15** Approval of the Climate Strategy
- 30** Placement date of yuan-denominated bonds (CNY 4.6 billion)

## SEPTEMBER

- 21** Announcement of results for 6M 2022
- 30** Annual General Meeting of Shareholders and re-election of the Board of Directors from among management
- 30** Updating the Charter and Regulations on the General Meeting of Shareholders of Polyus PJSC by resolution of the Annual General Meeting of Shareholders

## OCTOBER

- 04** Formation of Board Committees

## NOVEMBER

- 29** Withdrawal from the Board of Mikhail Stiskin

## DECEMBER

*There were no key corporate developments*

<sup>1</sup> Wandle Holdings Limited IJSC was registered as a legal entity in March 2022 through redomiciliation of the foreign company Wandle Holdings Limited to Russia.

## Corporate governance system (continue)

### THE COMPANY'S RESPONSE TO KEY CHALLENGES TO THE GOVERNANCE SYSTEM IN 2022

Changes in the market situation	<b>The Company's response:</b> <ul style="list-style-type: none"> <li>Constant monitoring of the situation by management and development of measures to respond to challenges</li> <li>Searching for alternative options to implement business projects if restrictions are imposed</li> <li>Changing the approach to strategic, business, and operational planning</li> </ul>
Significant and rapid changes in the regulatory framework	<b>The Company's response:</b> <ul style="list-style-type: none"> <li>Constant monitoring and review of changes in legislation for applicability to the Company's activities</li> <li>Engaging external consultants on specific regulatory matters</li> </ul>
Changes in the composition of shareholders	<b>The Company's response:</b> <ul style="list-style-type: none"> <li>Strengthening the role of the management team in strategic and day-to-day management of the Company</li> <li>Updating internal procedures and business processes to reflect changes</li> </ul>
Changes in the composition of the Company's governing bodies	<b>The Company's response:</b> <ul style="list-style-type: none"> <li>Adjusting the corporate governance system to manage increased Board turnover</li> <li>Adjusting procedures and business processes to changes so as to ensure the Company's business continuity and the achievement of strategic and operational objectives</li> <li>Strengthening the focus of the Company's Board of Directors and management team on critical business processes</li> </ul>

**Amid the challenges of 2022, the Company's key priorities and the main focus of its management were to ensure business continuity, fulfill the Company's obligations to its employees and counterparties, and maintain the shareholder value of Polyus PJSC**

## Corporate Governance

# General Meeting of Shareholders

The General Meeting of Shareholders is the supreme governing body of the Company.

Matters reserved to the General Meeting of Shareholders of Polyus PJSC (the “General Meeting of Shareholders” or the “Meeting”) are determined by the Federal Law On Joint Stock Companies and the Company’s Charter, which is based on applicable laws and key guidance from best practice in corporate governance.

Participants of the General Meeting of Shareholders cast votes on a one share, one vote basis, except for cumulative voting, to elect members of the Board of Directors of Polyus PJSC.

The Annual (Ordinary) General Meeting of Shareholders is held annually within the timeframe prescribed by applicable laws. Its agenda includes the following mandatory items:

- Election of members to the Board of Directors;
- Appointment of the auditor;
- Approval of the annual review;<sup>1</sup> and
- Distribution of profits (including dividend payment (declaration)) and losses for the year.

A shareholder or a group of shareholders who collectively hold at least 2% of the voting shares in Polyus PJSC may propose agenda items for the Annual General Meeting of Shareholders and nominate candidates to the Board of Directors of Polyus PJSC. Such proposals must be submitted to the Company no later than 60 days after the end of the reporting year.

General Meetings of Shareholders other than the annual (ordinary) shareholder meeting are referred to as Extraordinary General Meetings of Shareholders.

An Extraordinary General Meeting of Shareholders is convened by decision of the Board of Directors of Polyus PJSC on its own initiative, upon request from the auditor of Polyus PJSC, or as requested by shareholder(s) holding at least 10% of the voting shares in the Company as at the date of such request.

The Company makes every effort to best meet the interests of its shareholders when preparing and holding the Meetings, including by:

- providing information (materials) in advance (at least 30 days prior to the date of the Meeting) on the Company’s website (including in English) for shareholders to prepare for the Meetings;
- communicating to shareholders the Board’s recommendations and position on key matters to be reviewed by the Meeting;
- promptly publishing corporate action notices and Minutes of the Meetings on the Company’s website and other information portals;

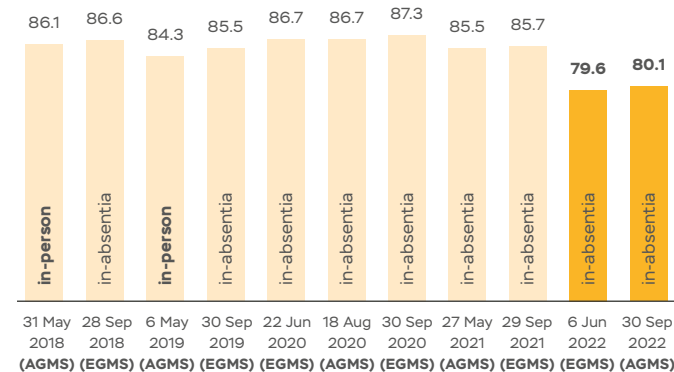
- enabling shareholders to take part in a Meeting via electronic voting in the shareholder’s personal account on the website of the Company’s registrar; and
- holding General Meetings of Shareholders in-person in the city of its location (Moscow) during the entire period of the Company’s life, thus enabling shareholders to plan their in-person attendance of the Meetings in advance.

In 2022, amid the continuing impact of COVID-19 restrictions and to mitigate the risks of spreading the virus to shareholders or their representatives, the Company held its General Meetings of Shareholders in absentia. As soon as these restrictions on in-person Meetings are lifted, the Company will seek to resume the Meetings in the form of joint attendance (in person) to fully take into account the interests of minority shareholders and enable direct communication between the Company’s representatives and its key stakeholders.

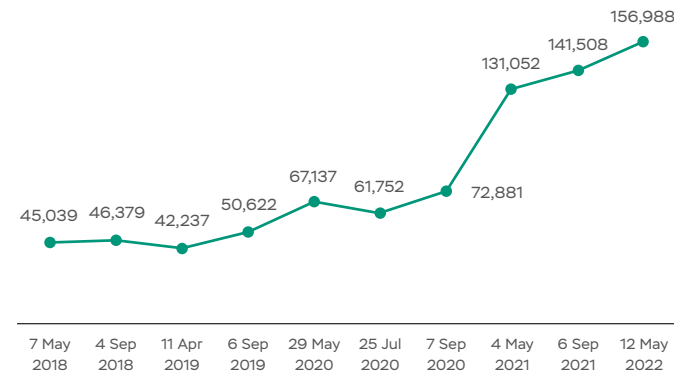
In 2022, two General Meetings of Shareholders were held:

**An Extraordinary General Meeting of Shareholders on 6 June 2022 (in absentia)**, which elected the Company’s new Board of Directors, as more than half (six out of nine) of the Directors had withdrawn from the Board and a quorum for decision making was not present.

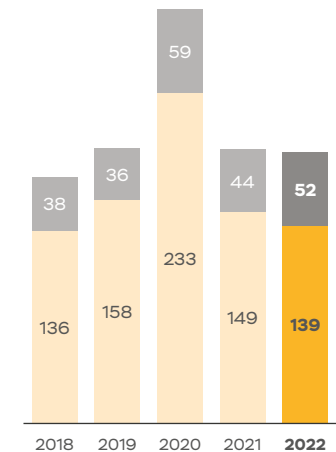
Quorum at General Meetings of Shareholders over 5 years (from 2018 to 2022), %



Number of owners of Company shares as per the lists of persons entitled to participate in the General Meeting of Shareholders over 5 years



Number of corporate action notices disclosed on newsfeeds over 5 years



**The Annual General Meeting of Shareholders on 30 September 2022 (in absentia)** with the following agenda:

- approval of the Annual Review of Polyus PJSC and annual accounting (financial) statements of Polyus PJSC for 2021;
- distribution of profits and losses of Polyus PJSC for 2021, including payment of a final dividend for 2021 on Polyus PJSC shares;
- election of members to the Board of Directors of Polyus PJSC;
- approval of new versions of the Charter and the Regulations on the General Meeting of Shareholders of Polyus PJSC; and
- approval of auditors for RAS accounting (financial) statements and IFRS consolidated financial statements of Polyus PJSC.

<sup>1</sup> On 30 September 2022, the Annual General Meeting of Shareholders approved a new version of the Company’s Charter, which transferred the authority to approve annual accounting (financial) statements to the Board of Directors (all shareholders retain their right to access and read the statements).

## Corporate Governance

## General Meeting of Shareholders (continue)

## Results of the Annual General Meeting of Shareholders (30 September 2022)

Results of the Annual General Meeting of Shareholders held on 30 September 2022	Approval of reports		Profit distribution and dividend payment		Election of the Board	Approval of the Charter		Approval of the Regulations on the General Meeting of Shareholders		Approval of the auditor for RAS accounting (financial) statements		Approval of the auditor for IFRS financial statements		
	<div><div></div> FOR</div>	99.81%	<div><div></div> FOR</div>	99.54%	Voting on candidates by roll call	<div><div></div> FOR</div>	95.83%	<div><div></div> FOR</div>	95.84%	<div><div></div> FOR</div>	99.72%	<div><div></div> FOR</div>	99.77%	
	<div><div></div> Against</div>	0.11%	<div><div></div> Against</div>	0.34%		<div><div></div> Against</div>	3.99%	<div><div></div> Against</div>	3.99%	<div><div></div> Against</div>	0.19%	<div><div></div> Against</div>	0.14%	
	<div><div></div> Abstained</div>	0.06%	<div><div></div> Abstained</div>	0.12%		<div><div></div> Abstained</div>	0.17%	<div><div></div> Abstained</div>	0.16%	<div><div></div> Abstained</div>	0.08%	<div><div></div> Abstained</div>	0.08%	
	Resolutions passed													
	Approve the annual review and annual accounting statements		· Approve the proposed profit distribution · Not to pay out dividends		Elect the proposed candidates to the Board of Directors	Approve the new version of the Charter		Approve the new version of the Regulations on the General Meeting of Shareholders		Approve FinExpertiza LLC as the auditor for RAS financial statements		Approve AO Business Solutions and Technologies as the auditor for IFRS financial statements		

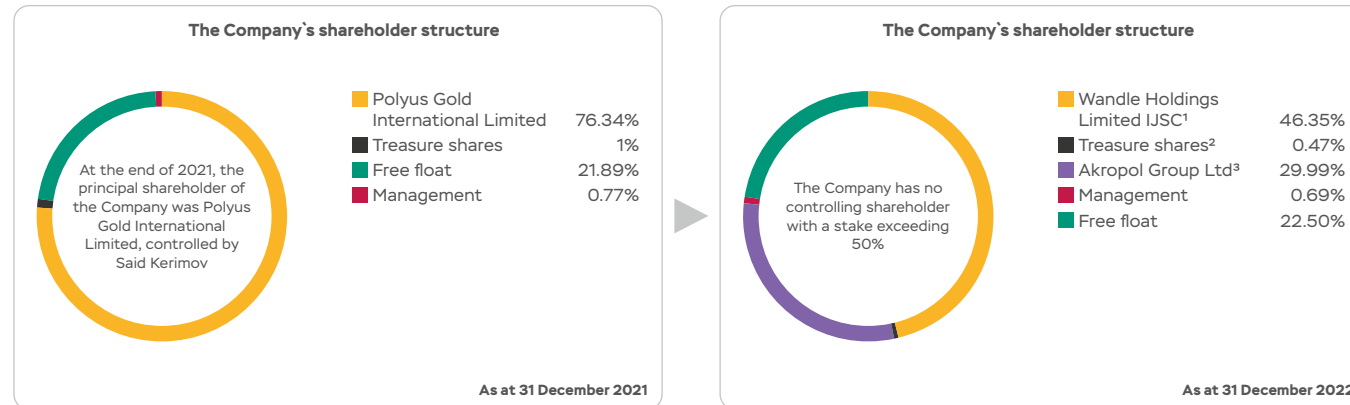
## KEY AMENDMENTS TO THE CHARTER AND INTERNAL DOCUMENTS APPROVED BY THE ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD ON 30 SEPTEMBER 2022

Charter	<b>Amendments:</b> <ul style="list-style-type: none"> <li>certain provisions were updated due to changes in legislation since 2018 and to reflect the listing requirements of the Moscow Exchange</li> <li>irrelevant provisions of the Charter were removed</li> <li>the deadline for notifying members of the Board about interested-party transactions was set at five days, which is different from the deadline stipulated by law</li> <li>the Board of Directors was granted the option to choose the method of sending voting ballots to shareholders to ensure convenient voting</li> <li>the list of information (materials) to be provided to shareholders in preparation for General Meetings of Shareholders was supplemented with an internal audit report and information about the auditor candidate (candidates)</li> <li>the authority to approve annual accounting (financial) statements was transferred to the Board of Directors</li> <li>a provision was included to allow remote participation of shareholders in in-person General Meetings of Shareholders</li> <li>the scope of the Board of Directors was expanded to include matters recommended by the Corporate Governance Code</li> <li>the authority of the Chief Executive Officer was expanded to include the appointment of heads of the Company's representative offices and branches and the right to request information from the Company's insiders to ensure the Company's compliance with the requirements of insider information laws</li> <li>the list of information and documents that should be provided to shareholders upon request was refined</li> </ul>
Regulations on the General Meeting of Shareholders	<b>Amendments:</b> <ul style="list-style-type: none"> <li>provisions were updated due to changes in legislation since 2016 and to reflect the listing requirements of the Moscow Exchange</li> <li>the procedure for preparing, holding, and documenting the results of General Meetings of Shareholders was refined</li> </ul>

## Corporate Governance

### SHAREHOLDER STRUCTURE

#### Changes to major shareholdings in the Company in 2022



Until April 2022, Said Kerimov was the controlling shareholder of the Company, indirectly holding 76.34% of its voting shares. On 4 April 2022, Wandle Holdings Limited IJSC sold a part of its stake in the Company representing 29.99% of the Company's issued share capital to Akropol Group Ltd (beneficially owned by Mr. Akhmet Palankoyev), and Said Kerimov thus ceased to be the Company's controlling shareholder (as a result of this transaction, Said Kerimov reduced his interest in the Company from 76.34% to 46.35%). On 13 May 2022, Said Kerimov donated 100% of shares of Wandle Holdings Limited IJSC, which owns 46.35% of Company's shares capital, to the Fund for Support of Islamic Foundations and ceased to have any economic interest or ownership rights in respect of the Company, whether directly or indirectly.

Therefore, as of the end of 2022, the Company had no controlling shareholders holding more than 50% of voting shares in the Company. At the end of the reporting period, the Company's major shareholders included: Wandle Holdings Limited IJSC (wholly owned by the Fund for Support of Islamic Foundations), which directly held 46.35% of the voting shares in the Company, and Akropol Group Ltd (99% of the share capital of Akropol Group Ltd is owned by Akhmet Palankoyev), which directly held 29.99% of the voting shares in the Company.

After receiving a stake in the Company in May 2022, a representative of the Fund for Support of Islamic Foundations said that the Fund would not be involved in the day-to-day running of the business and entrusts all the main administrative powers to the management of PJSC Polyus.

<sup>1</sup> 100% of Wandle Holdings Limited IJSC is owned by the Fund for Support of Islamic Foundations.

<sup>2</sup> Company shares owned by a controlled legal entity, Polyus Service LLC.

<sup>3</sup> The beneficiary of Akropol Group Ltd is Akhmet Palankoyev, who is also a member of the Board of Directors of Polyus PJSC from June 2022.

## Corporate Governance

## The Board

The Board of Directors of Polyus PJSC is responsible for strategic management of the Company and decision making on key matters related to the Company's current business, except for those reserved to the General Meeting of Shareholders by applicable laws or the Company's Charter.

### THE BOARD'S ROLE AND RESPONSIBILITIES

The Board's key role is to create and increase shareholder value by providing professional management of the Company. The Board is accountable to shareholders for ensuring the Company's success. The Board is also accountable to shareholders for the Company's long-term success: developing the strategy, determining acceptable risk levels (which includes establishing a framework of controls to enable risk to be assessed and managed), establishing the Company's values and standards, ensuring adequate governance, promoting ethical behavior standards in commercial activity, and managing other key business areas.

The Board is responsible for:

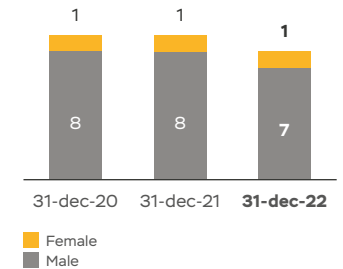
- developing the Company's strategy and the overall management strategy; guiding the overall direction of the business and performance improvement;
- ensuring the long-term success of the Company, taking into account the interests of all stakeholders;
- ensuring the effectiveness of the corporate governance system; and
- ensuring the compliance of the Company's activities with the Health and Safety Policy, Environmental Policy, Stakeholder Engagement Policy, Policy on Charity, Donations, and Sponsorship, and the Code of Corporate Conduct as well as other internal documents.

This mission requires a highly skilled and experienced Board, with each of the Board members contributing to management decision-making processes.

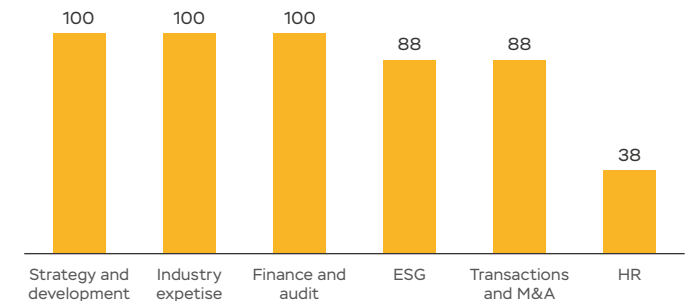
### COMPOSITION OF THE BOARD

In accordance with the Charter, the Company's Board of Directors consists of nine members<sup>1</sup>. The number of Directors has remained the same since the Company's inception (in 2006), and, as the Company believes, this is optimal given the scale of our operations, management specifics, and industry best practice of setting up the proceedings of the boards of directors at mining companies.

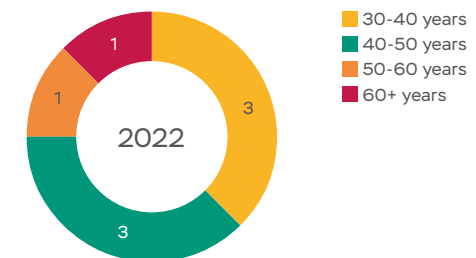
Gender diversity



The Company's Board of Directors skills overview, %



Age groups of Board members



<sup>1</sup> The Company's Board of Directors currently operates with 8 members, as Mikhail Stiskin is deemed to have withdrawn from the Board as from 29 November 2022, pursuant to his letter of resignation.



## Corporate Governance

# The Board (continue)

### CHANGES IN THE BOARD COMPOSITION DURING THE REPORTING YEAR

Since its inception, when electing its Board of Directors, Polyus PJSC has sought to ensure a strong presence of Independent Directors meeting the objective independence criteria of stock exchanges and widely accepted guidance from best practice.

Starting from December 2017, the Board of Directors and its Committees always included four Independent Directors who were foreign nationals, with the proportion of Independent Directors on the Board exceeding 40%.

In the first half of 2022, the geopolitical environment prompted major changes in the Board composition, in particular the withdrawal of Independent Directors. Edward Dowling, Kent Potter and William Champion are deemed to have withdrawn from the Board of Directors on 8 March 2022 and Maria Gordon – on 9 March 2022. In apart from the Independent Directors, Said Kerimov withdrew from the Board of Directors (Said Kerimov is deemed to have withdrawn from the Board of Directors on 4 April 2022).

Pavel Grachev withdrew from the Board of Directors (Pavel Grachev is deemed to have withdrawn from the Board of Directors on 12 April 2022). On 11 April 2022 Pavel Grachev also left his position as CEO of the Company.

At the same time, amid financial market challenges, the Russian regulator and stock exchanges temporarily waived the minimum independence requirements for directors on the boards of Russian public listed companies.

The Company's shareholding structure has also changed, with no Polyus shareholder now playing a controlling role in the Company.

To ensure business continuity of Polyus PJSC in this environment and avoid undesired consequences of the Board potentially suspending its work, the Company decided to elect a new Board, comprised mostly of management team members with the necessary expertise, skills, and knowledge to ensure Board continuity on strategic and operational aspects. In discharging their duties as Board members, new Directors are guided first and foremost by the Company's long-term interests.

Polyus PJSC has repeatedly reiterated its commitment to advanced corporate governance practices and its interest in engaging professional independent directors who have no conflicts of interest with peer companies or other obstacles to fully discharging their duties as the Company's Independent Directors. In particular, after several Directors left the Board in the second quarter of 2022, the Company publicly stated its interest in finding candidates for the positions of new independent highly skilled Directors.

The Company believes that in the current environment, the number of Directors and the composition of its Board fully match the needs of the Company, its shareholders, investors, and other stakeholders. At the same time, the Company constantly monitors the rapidly changing situation and is willing to consider adding Independent Directors to the Board if conditions for this are formed.

### CHAIR OF THE BOARD

As at the end of 2022, Vladimir Polin was Chair of the Board of Directors of Polyus PJSC (first appointed as Chair on 7 June 2022).<sup>1</sup>

In accordance with the Regulations on the Board of Directors, the Chair's responsibilities include effective governance and operation of the Board (including the active involvement of individual Board members).

In particular, the Chair's responsibilities include:

- governance of the Board in line with best standards of corporate governance;
- ensuring the effectiveness of the Board Committees' activities;
- setting the agenda and holding Board meetings;
- creating a comfortable working environment to promote constructive debate and effective decision making;
- ensuring that Minutes of Board Meetings are recorded and kept;
- promoting efficient relationships and communication between Directors and the Company's executives; and
- ensuring efficient communication with shareholders and stakeholders.

### BOARD ACTIVITY

The Board acts within formal, transparent arrangements for assessing how to apply corporate reporting, risk management, and internal control principles as well as for maintaining an appropriate relationship with Polyus' auditors.

The identification and assessment of risks, along with their management and mitigation, are of greater importance to the Company's business. Details of the Company's principal risks and uncertainties can be found in the Risk Management Section of the Annual Review.

In 2022, Board members met frequently in compliance with the formal schedule of matters reserved to the Board to discharge their duties in the best interests of the Company.

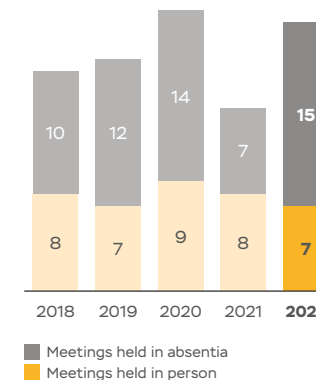
The process for the preparation and holding of Board meetings is governed by the Regulations on the Board of Directors.

During 2022, Board members held 22 meetings (seven in-person meetings and 15 meetings in the form of absentee voting), reviewing 41 matters.

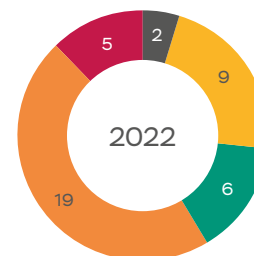
The principal matters reviewed by the Board in 2022 included:

- approval of the Company's Climate Strategy;
- motivation of employees and senior managers;
- approval of transactions;
- convening and holding General Meetings of Shareholders;
- buyback of Company shares and placement of Company bonds; and
- performance and reporting review.

#### Meetings of the Board



#### Categories of matters reviewed by the Board



- Strategy and development
- Finance and accounting
- Transactions and projects
- Corporate governance
- HR

In the reporting year, more than a third of the matters reviewed were related to strategy, motivation and key financial aspects.

### PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

Prior to significant changes in the Board composition, the Company conducted an annual independent performance evaluation of the Board of Directors and its Committees. In late 2021 and early 2022, the Company engaged a professional consultant to conduct an independent performance evaluation of the Board of Directors, which included an evaluation of each Committee and the Chair of the Board.

The next evaluation (self-evaluation) is scheduled for the next reporting period.

<sup>1</sup> During the reporting year, the position was filled by Edward Dowling from the start of the year to 9 March 2022 and by Sergei Nossoff between 9 March 2022 and 6 June 2022 (Sergei Nossoff was not re-elected by Extraordinary General Meeting of Shareholders on 6 June 2022).



## Corporate Governance

# The Board (continue)

### BOARD COMMITTEES

The Committees of the Board of Directors were established to preview matters submitted to the Board of Directors for discussion in order to gain a better understanding of such matters and make voting recommendations to the Board.

The composition of Committees, chairs, and regulations are approved by decision of the Board of Directors. The Committees include only members of the Company's Board of Directors but can also engage both Company employees and external experts in organizing and providing administrative support for the Committees' proceedings.

Committees serve as consultative and advisory bodies that deal with the issues raised by the Board. They may not act on behalf of the Board, are not considered to be governing bodies of the Company, and they have no powers in relation to the management of Polyus PJSC. Committee meetings are held separately from Board meetings. This procedure provides for extra attention to be paid to issues requiring preliminary consideration by the Board prior to the Board's approval. In addition, the Committee meetings determine the necessity (or highlight other aspects) of the Board's approval for a specific issue.

Committee decisions are taken by majority vote of members participating in a Committee meeting. Each Committee member has one vote, and the Committee Chair has no casting vote in the event of a tie.

Details of the procedure for nominating and electing members of the Board Committees are set out in the Charter of Polyus PJSC and the relevant Committee Regulations [here](#).

As of the beginning of the reporting year, the Board of Directors of Polyus PJSC had the following committees:

- Audit Committee (a mandatory committee under MOEX listing requirements);
- Nominations and Remuneration Committee (a mandatory committee under MOEX listing requirements);
- Strategy Committee (a non-mandatory committee under MOEX listing requirements); and
- Operations Committee (a non-mandatory committee under MOEX listing requirements).

After Independent Directors left the Board of Directors (in March 2022) and until the new Board of Directors was elected (in June 2022), the Committees were not active, including due to the absence of relevant matters to be reviewed by the Board.

In June 2022, a new Board of Directors was elected at the Company, comprised mostly of members of the Company's management team with a good grasp of current operational issues and a granular understanding of the Company's strategy execution. Following the changes in the Board composition and its tasks, the Board decided it was advisable to elect a new Audit Committee and a new

Nominations and Remuneration Committee (including due to the requirements of stock exchanges). The Strategy Committee and the Operations Committee temporarily suspended their activities after the second quarter of 2022 and were not elected, while the respective regulations on the Committees remained in effect.

If the current situation changes and a business need arises, the Company's non-mandatory committees may resume their activities, and other Board Committees could be established.

### CHIEF EXECUTIVE OFFICER (CEO)

As of the end of 2022, Alexey Vostokov was the CEO of Polyus PJSC (appointed on 12 April 2022). Until 11 April 2022 (inclusive), Pavel Grachev was CEO of the Company.

The CEO's role is to manage the Company's day-to-day operations, ensuring they are consistent with the policies developed by the Board and executed in such a way that they meet operational, financial, and legal requirements. The CEO implements the Company's strategy, oversees the execution of its approved business plan, and promotes the Company's culture and standards.

The CEO is responsible for:

- managing the Company's business;
- implementing the Company's strategy and policies; and
- implementing decisions of the Board of Directors and resolutions of the General Meeting of Shareholders.

### CORPORATE SECRETARY

Anastasia Openkina has been the Corporate Secretary of Polyus PJSC since 20 August 2020.

The Corporate Secretary's key duties are to:

- contribute to implementing the Company's disclosure policy and ensure the maintenance of the Company's corporate documents;
- ensure communication between the Company and its shareholders and participate in preventing corporate conflicts;
- ensure the implementation of procedures to protect the rights and legitimate interests of shareholders in accordance with the law and internal documents, and oversee their execution;
- prepare and facilitate the Company's General Meeting of Shareholders;
- prepare and facilitate the meetings of the Board of Directors and its Committees;
- support Polyus' status as a public company, engage with regulatory authorities, securities market operators, depositories, registrars, and other professional security traders;
- develop and update internal documents governing the Company's corporate governance system;
- set up procedures to develop Polyus' corporate governance system; and
- immediately notify the Board of any identified violations of laws or Polyus' internal documents for which the Company's Corporate Secretary has compliance responsibility.

The functions of the Corporate Secretary of Polyus PJSC are set out in the Company's Charter and the Regulations on the Corporate Secretary of Polyus PJSC, revised by the Board of Directors on 22 November 2022.

### REMUNERATION OF THE BOARD OF DIRECTORS

In 2022, the Board of Directors of the Company consisted of the following three categories:

- Executive Directors;
- Non-executive Directors representing major shareholders of the Company; and
- Independent Non-executive Directors.

In accordance with the Company's Directors' Remuneration Policy, only Independent Non-executive Directors are entitled to receive remuneration for their services as members of the Board.

Since 19 August 2020, the remuneration and compensation for members of the Board of Directors are paid in the amounts pursuant to the Regulations on Remuneration and Compensation for Members of the Board of Directors of Polyus PJSC, which were adopted by resolution of the General Meeting of Shareholders of Polyus PJSC (Minutes #02-20/OA dated 19 August 2020).

The basic remuneration of the Board of Directors is as follows:

- Chair of the Board of Directors – \$370,000 for the corporate year;
- Senior Independent Director – \$225,000 for the corporate year; and

- Independent Directors (other than the Board Chair and the Senior Independent Director) – \$185,000 for the corporate year.

Additional remuneration is paid to Independent Directors for the performance of additional duties as follows:

- for the Audit Committee:
  - Chair of the Committee – \$80,000 for the corporate year;
  - member of the Audit Committee – \$20,000 for the corporate year;
- for all other Committees:
  - Chair of the Committee – \$50,000 for the corporate year; and
  - member of a Committee – \$20,000 for the corporate year.

In the reporting year, Independent Directors served on the Board of Directors until 9 March 2022. Board members elected after 6 June 2022 were not Independent Directors and did not receive remuneration for serving on the Board.

In 2022, members of the Board of Directors were paid a total remuneration of RUB 20,806,000 (\$303.5 thousands) as well as compensations totaling RUB 237,000 (\$3.5 thousands)<sup>1</sup>.

1 For presentation and comparison purposes, the ruble payments were converted into dollars at the average annual USD/RUB exchange rate of 68.55.

## Corporate Governance

# Senior management

## REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the CEO and other members of the senior management team consists of:

- a basic monthly salary, which is established in individual employment contracts;
- an annual bonus under the short-term incentive plan (STIP), linked to the attainment of corporate and functional KPIs and to an individual performance assessment; and
- an award of the long-term incentive program (LTIP) adopted by the Board in December 2016.

Basic salaries are reviewed annually, with potential changes taking effect from 1 April and taking into account:

- individual and business performance;
- level of experience;
- scope of responsibility, including any changes during the year; and
- external comparisons to international and Russian peers.

Annual bonuses under the STIP are based on performance targets calibrated and set by the Nominations and Remuneration Committee at the start of each financial year. Actual performance is measured in comparison to the preceding financial year.

Targets within the STIP reflect the Company's annual plan, which in turn reflects the Company's strategic priorities.

The corporate KPIs consist of:

- adjusted EBITDA;
- gold production volume;
- total cash cost per ounce of gold sold; and
- safety culture evaluation.

The 2022 KPIs for the Vice Presidents and Senior Vice Presidents included a range of metrics related to ESG objectives, including:

- improving the quality of information disclosure on topics related to sustainable development;
- implementation of personnel training and development projects;
- development and implementation of a program of measures to build and maintain herd immunity against COVID-19;
- updating the Company's anti-corruption policy, training employees on countering corruption; and
- assessment of employee satisfaction and involvement in achieving the Company's goals.

Each corporate and functional KPI has a predetermined minimum, target, and maximum value, against which the actual results are assessed. Achievement of target results will lead to an on-target STIP payment. Minimum and maximum results are rewarded according to a predetermined numerical scale for each KPI.

The on-target STIP opportunity is set at 100% of the annual base salary for all senior managers. The maximum opportunity is calculated individually for each KPI, but rarely exceeds 120% of the annual base salary for exceptional performance.

## LONG-TERM INCENTIVE PROGRAMS

In accordance with the approved Long-Term Incentive Program for Senior Management of Polyus Group (the "Program"), members of the group's senior management are paid remuneration in the form of ordinary shares in Polyus PJSC, subject to their meeting certain target KPIs set by the Board of Directors for consecutive three-year periods.

In line with the Program's current version, the maximum total number of shares that may be granted under the Program is about 0.93% of the share capital. The first tranche of shares under the second Long-Term Incentive Program for Senior Management of Polyus group was granted in 2021, and the second tranche was awarded in the first quarter of 2022.

Under the option agreements executed under the Program, during 2022, eligible members of the senior management of Polyus group received 488,395 ordinary shares of Polyus PJSC, constituting 0.3589% of the entire issued share capital of Polyus PJSC.

## DIVERSITY POLICY

Polyus recognizes and embraces the principle that diversity benefits and enhances the quality of its business performance.

The Company views diversity at Board and senior management levels as an essential prerequisite to attaining its strategic objectives, as well as to achieving sustainable and balanced development. When deciding on candidates for senior management positions, diversity is considered from a number of perspectives, including gender, age, cultural and educational background, professional experience, skills, knowledge, and length of service.

All appointments are based on merit. Candidates are considered against objective criteria, with due regard to the benefits of diversity for Polyus.

Potential benefits of diversity are:

- **Creativity and different perspectives**  
Individuals from different backgrounds and with different life experiences are likely to approach similar problems in different ways.
- **Access to resources and connections**  
By selecting candidates with different qualities, firms can gain access to different resources. For example, directors with financial industry experience could facilitate access to specific investors.
- **Career incentives through signaling and mentoring**  
Board and senior management diversity can signal to more junior employees that the Company is committed to promoting minority workers, or at least demonstrate that minority status is not a hindrance to their career prospects within the Company.

## AUDITOR

On 30 September 2022, the Company's General Meeting of Shareholders approved the following auditors of Polyus PJSC for 2022:

- AO Business Solutions and Technologies (Deloitte & Touche CIS JSC until 20 May 2022) – to audit the consolidated financial statements for 2022 in accordance with International Financial Reporting Standards (IFRS); and
- FinExpertiza LLC – to audit the accounting (financial) statements for 2022 in accordance with Russian Accounting Standards.

The auditor candidates were screened by the Audit Committee and the Board of Directors of the

Company and recommended for approval by the General Meeting of Shareholders. When selecting the auditors, the Audit Committee determined that the proposed candidates met the independence criteria.

The Company has engaged AO Business Solutions and Technologies (Deloitte & Touche CIS JSC until 20 May 2022) to audit its IFRS financial statements since 2011 (for 12 years), and FinExpertiza LLC since 2015 (for eight years). AO Business Solutions and Technologies also provides auxiliary audit services and other consulting services to the Company and its controlled entities.

### Audit fees (\$'000<sup>1</sup>, including VAT):

Business Solutions and Technologies JSC	2022
Audit of the Company's IFRS statements	70.0
Audit of subsidiaries' IFRS statements	1,353.2
Auxiliary audit services and other services	422.4

### Auxiliary audit services and other services provided by Business Solutions and Technologies JSC:

	2022
Support in analyzing investment management processes for new exploration projects	
Consulting services for performance guidance, recommendations for improving business processes	

### Audit fees (\$'000<sup>1</sup>, including VAT):

FinExpertiza LLC	2022
Mandatory audit of the Company's RAS statements	8.1

1 For presentation and comparison purposes, the ruble payments were converted into dollars at the average annual USD/RUB exchange rate of 68.55.

## Corporate Governance

## Anti-corruption efforts

Polyus follows a zero-tolerance policy toward bribery – or any other form of corruption – at all levels.

Polyus aims to ensure that the Company meets all anti-corruption law requirements, and the Company has always focused on high ethical standards and best practice in anti-corruption compliance. The Company complies with the applicable legislative requirements to combat corruption and bribery that prohibit or restrict certain actions when performing daily operations, establishing contacts, or engaging with partners.

Polyus conducts business in line with its internal anti-corruption documents, which take into account all applicable anti-corruption laws of Russia and other countries where the Company and its employees operate.

All anti-corruption initiatives and strategies are implemented with the direct involvement of the Company's senior management. Essential issues relating to anti-corruption activities are included on the discussion agendas of the corporate governance bodies. The Company has specialists working in all of Polyus' business units to ensure the effectiveness of the respective policies and procedures and to supervise their execution. In addition, some of the anti-corruption compliance functions are also performed by other Company employees and divisions. A number of functions involving control and communication are implemented with the aid of computerized tools.

Polyus maintains an employee communication system dealing with anti-corruption compliance issues, which includes various forms of training, information support, and consultations.

A hotline is available to all employees and interested parties to report and share information. Details of the hotline are available in the anti-corruption and anti-bribery section on the Company's [website](#).

Polyus carries out preventive due diligence procedures to monitor its contractors, including the legality of their businesses and source of wealth, and also applies transaction monitoring in order to avoid the Company's involvement in illegal activities and corrupt practices.

In 2022, there were no legal proceedings against the Company or its employees related to corruption activities or any other non-ethical business practices.

## Human rights

Polyus is committed to integrating best human rights practices into its business processes – and to embedding these practices into our decision making and due diligence activities. In 2022, the Company approved the updated Human Rights Policy, which provides guarantees of respect for the rights of all Company employees and local communities in its regions of operation.

In accordance with its Human Rights Policy, Polyus strives to deliver on the following commitments:

- Create decent working conditions and ensure competitive and fair compensation.
- Ensure equal treatment for equal work and equal contribution throughout the employment journey, from hiring to promotion.
- Guarantee the right of employees to freedom of assembly and association, freedom of expression as well as the right to set up trade unions and engage in collective bargaining to protect their interests.
- Create a safe working environment at our enterprises and implement health and safety programs.
- Publicly condemn the use of forced and child labor and have zero tolerance for any form of such labor.
- Prohibit any form of discrimination against anyone on the grounds of race, gender, age, religion, ethnic background, social status, or other factors.

- Tolerate no discrimination, violence, or harassment.
- Promote the values of diversity and inclusion at all organizational levels, from entry level to senior management.
- Respect the right of employees to transparent and clear information about the Company's activities.

Polyus is committed to conducting its operations in accordance with national and international human rights legal requirements. The Nominations and Remuneration Committee is responsible for overseeing the implementation of the Human Rights Policy.

### DIVIDEND POLICY

According to the Dividend Policy of Polyus PJSC, the Company pays dividends on a semi-annual basis in the amount of 30% of the Company's EBITDA.

In 2022, the Board of Directors decided to recommend to the General Meeting of Shareholders of Polyus PJSC no final dividend for 2021 (2H 2021). When making this recommendation, the Board of Directors took into account the market environment and the fact

that the Company was still assessing the impact of economic changes on its operations.

The General Meeting of Shareholders has resolved not to distribute the net profit of Polyus PJSC for the 2021 reporting year (2H 2021) and not to declare or pay dividends.

The Board of Directors will continue to consider dividend recommendations for future reporting periods in accordance with the existing dividend policy.

### Dividend declaration and payment over the past five years

Reporting period	Dividend per share, RUB	Declared dividends, RUB mln	Net profit for the year, RUB mln (IFRS)	Share in net profit for the year (IFRS)
<b>2022</b>	The decision on the 2022 final dividend payment will be made at the Annual General Meeting of Shareholders in 2023			
6M 2022	–	–	–	–
<b>2021</b>	–	–	167,421	22%
6M 2021	267.48	36,396		
<b>2020</b>	387.15	85,360 <sup>1</sup>	122,628	70%
6M 2020	240.18	32,681		
<b>2019</b>	244.75	54,568 <sup>1</sup>	124,969	44%
6M 2019	162.98	21,708		
<b>2018</b>	143.62	36,481 <sup>1</sup>	29,266	125%
6M 2018	131.11	17,351		

<sup>1</sup> Total accrued annual dividend amounts include the 6M dividends for the respective years.

## Corporate Governance

Report of the Board of Directors<sup>1</sup>**OBJECTIVITY, BALANCE,  
AND UNDERSTANDABILITY**

According to analysis of this Annual Review and financial statements, the Board concluded that the information presented therein is objective, balanced, and easily understandable, meeting all applicable legal and regulatory requirements, and providing all stakeholders with the opportunity to look into the Company's development strategy and business model as well as its performance.

**OPERATING ACTIVITIES  
(CORE BUSINESSES)**

The Strategic Report, which is included in this Board report by reference and is a part of it, provides a comprehensive overview of Polyus' operations, financial position, strategy, and growth prospects.

In 2022, the Company's core business was the production and sale of gold.

To support its operations, the Company's also conducts exploration, construction, and R&D.

For a review of Polyus' performance and key highlights of the year ended 31 December 2022, as well as an outlook for the future and guidance on future performance, see Operational Section of this review.

**RISK IDENTIFICATION,  
ASSESSMENT, AND  
MANAGEMENT**

For a description of the principal risks and uncertainties as well as the risk management system, please see Risk Management Section of this review.

**SHARE CAPITAL**

The share capital of Polyus PJSC consists of 136,069,400.11 fully paid-up ordinary shares with a par value of RUB 1 each, issued in line with Russian laws.

Polyus PJSC has no preferred shares, either outstanding or authorized. Additional ordinary shares exceeding the number of authorized but unissued ordinary shares as per the Charter of Polyus PJSC (20,070,190.89 shares) or any additional preferred shares may only be issued if the number of authorized shares as per the Charter of Polyus PJSC is changed by decision of shareholders.

**SHAREHOLDING  
STRUCTURE**

As of 31 December 2022, the Company's shareholding was as follows:

- 46.35% – Wandle Holdings Limited IJSC;
- 29.99% – Akropol Group Ltd;
- 22.50% – free float;
- 0.69% – senior management; and
- 0.47% – treasury shares (held by Polyus Service LLC, a subsidiary).

**DIVIDENDS**

For more details on the dividend policy, see the Dividend Policy section of this review.

**STATEMENT OF  
COMPLIANCE WITH  
CORPORATE GOVERNANCE  
PRINCIPLES**

Polyus PJSC complies with the corporate governance requirements established by the Russian laws on joint stock companies and the securities market.

Polyus PJSC shares are included in the First Level quotation list of the Moscow Exchange. Polyus PJSC has incorporated most of the recommendations of the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on 21 March 2014 and recommended for use by publicly traded joint stock companies. The Code is available here [here](#).

For more details on compliance with the recommendations of the Corporate Governance Code please see Additional Information of this report.

**HUMAN RESOURCES POLICY  
AND COMMUNICATIONS**

For more details on the Company's HR policy and its employees, see the Sustainability Report. The 2022 Sustainability Report will be published no in May 2023.

**ENVIRONMENTAL  
LEGISLATION**

Polyus' environmental management system (EMS) in place covers all the Company's assets and is part of our integrated HSE management system. The environmental management system enables prompt and flexible responses to any changes in the internal or external environment. All the Company's controlled operations and service organizations have been certified to ISO 14001 and regularly take the necessary steps to extend the validity of their certificates.

The Company continuously monitors the status of environmental initiatives and the progress toward environmental protection targets across its enterprises. To manage environmental issues, Polyus continues to develop and roll out best standards at all levels of its business.

For more details on the Company's environmental activities, see the 2022 Sustainability Report.

**GREENHOUSE GAS  
EMISSIONS**

In 2022, the Company's specific GHG emissions amounted to 0,023 tonnes of CO<sub>2</sub> per tonne of ore processed. For more details on GHG emissions, including the emission calculation methodology, the Company's GHG-abatement measures, and emission reduction targets, see the Company's 2022 Sustainability Report and the published Climate Strategy.

**AUDITOR**

Each of the members of the Board of Polyus PJSC confirms that:

- he/she is not aware of any information or facts relevant for audit that have not been provided or otherwise communicated to the Company's auditor; and
- he/she has done everything that is appropriate for a member of the Board in order to obtain any information or facts relevant for audit and to verify that such information or facts were duly communicated to the Company's auditor.

**JURISDICTION AND  
REGISTERED ADDRESS**

Polyus PJSC was incorporated as a legal entity under the laws of the Russian Federation on 17 March 2006 with the Principal State Registration Number (OGRN) 1068400002990.

The Company has its headquarters and registered office at Krasina St. 3 bldg. 1, office 801, Moscow, 123056, Russia. Phone: +7 495 641 3377

**Vladimir POLIN**  
Chair of the Board  
28 April 2023

<sup>1</sup> Information is disclosed in accordance with applicable laws and the listing rules of the stock exchanges that list Company securities.