POLYUS

Growth and sustainability: new horizons

PJSC Polyus Annual Report 2023

Preliminarily approved
by the Board of Directors
of Polyus Public Joint Stock Company
on 24 May 2024
Minutes 07-24/SD dated 24 May 2024

Approved
by the Annual General Meeting of Shareholders
of Polyus Public Joint Stock Company
on 28 June 2024
Minutes 01-24/OSA dated 28 June 2024

CEO of Polyus PJSC Alexey Vostokov

Agile. Responsible. Sustainable

IMPROVING OPERATIONAL EFFICIENCY

In 2023, Polyus produced 2,903 koz of doré gold, up 13% year-on-year, while total gold output was 2,902 koz, up 14% year-on-year. Production growth across the group was primarily driven by higher gold output from Olimpiada.

The Company expects gold output to decline to between 2.7 and 2.8 moz in 2024. The year-on-year decline in production is expected to be mainly driven by lower grades in ore processed at Olimpiada.

Volumes of ore mined rose to 81,757 kt in 2023 from 62,333 kt in 2022 due to higher ore volumes mined at Olimpiada, Blagodatnoye, and Verninskoye. At the same time, volumes of ore processed remained broadly flat year-on-year at 48,894 kt. The average recovery rate stood at 83.0% in 2023 vs. 81.8% in 2022.

Polyus continued to implement all its previously announced projects in 2023. At Kuranakh, Polyus continued the previously announced new projects in 2023: increasing throughput capacity at Kuranakh's existing heap leaching facilities from 1.5 mtpa to 5.0 mtpa and constructing a 12.5 mtpa heap leaching facility at Kuranakh's Southern cluster.

The Company continues to implement all activities under its Mill 5 construction project at Blagodatnoye. In 2023, Polyus completed the main scope of foundation works for the equipment. Polyus also finished the installation of flotation concentrate regrinding as well as carbon regeneration equipment and a cone crusher. Mill 5 site infrastructure (power facilities, overpasses, storage infrastructure) is under construction.

At Sukhoi Log, Polyus expanded its initial 36.5 km in-fill drilling program and drilled 65.9 km in 2023. The Company intends to carry out 40 km of additional drilling in 2024, focusing on the pit area planned for prioritized mining. Polyus also progressed with the construction project for the Vitim substation and 220 kV power grid, which are within the project scope for the technical connection of Sukhoi Log to the existing power grid. In 2023, Polyus continued the construction of infrastructure: internal power grid lines, roads, and preparing construction sites for production facilities. Polyus intends to start building key infrastructure facilities this year.
The Company continues to re-engineer the project and expects to provide an updated schedule and details on the project in 2024. In addition to the above, it was decided to pilot test the Sukhoi Log ore at the Verninskoye mill in the second half of 2024. The Company has already started pre-stripping activities within the pilot pit.

MAINTAINING FINANCIAL STABILITY

Revenue in 2023 totaled $5.4 billion, up 28% from 2022. The year-on-year growth was due to higher output (driven by growth at the Krasnoyarsk Business Unit – Olimpiada and Blagodatnoye) as well as a year-on-year increase in the average realized price of refined gold.

The group's TCC decreased to $389 per ounce on a year-on-year basis in 2023 (2022: $519 per ounce). This reflects ruble depreciation, higher head grades at the Krasnoyarsk Business Unit, and an increase in by-product credit from sales of antimony-rich flotation concentrate ($35 per ounce in 2023 compared to $2 in 2022). Headwinds for TCC include persistent price inflation for consumables, cost-of-living salary adjustments, higher electricity tariffs, and an anticipated decline in grades in ore processed at Natalka and Verninskoye. Polyus continues to rank in the top ten producers based on the global cash cost curve, even amid persisting inflationary pressures in the global metals and mining industry.

The Company expects a year-on-year increase in TCC and has set a guidance range of $450–$500/oz for 2024. Despite the ongoing implementation of cost optimization initiatives across the group, the Company expects that the following factors will negatively affect the group's cost performance in 2024 vs. 2023:

- A change in the structure of the group's gold output. The Company expects a reduction in the share of lower-cost Olimpiada in the Company's total gold production structure due to a planned decline in grades in ore mined. The decline in grades mined is attributable to the sequence of mining operations. The Company is currently downscaling activities under the fourth stage of the Vostochny pit, which is expected to result in lower mining volumes of high-grade ore and completion of mining of antimony-containing material.
- A decline in the share of lower-cost flotation concentrate from Olimpiada in total gold sold and a decrease in by-product credit on the back of completion of mining of antimony-containing ore.
- Inflationary factors in key consumables, labor costs, and electricity tariffs.

The group's adjusted EBITDA for the full year 2023 stood at $3,889 million, up 51% year-on-year. The increase was driven by higher gold sales and lower TCC per ounce.

In 2023, capital expenditures decreased to $1,040 million (2022: $1,119 million). The Company has set its 2024 capital expenditure guidance in the range of $1,550–$1,700 million.

The anticipated year-on-year increase in capital expenditures reflects the following factors:

- The preliminary estimate of capital expenditures at Sukhoi Log in 2024 is subject to change due to ongoing project re-engineering.
- Partial capex carry-over from 2023.
- Inflationary pressure.

Net debt (including derivatives) as of the end of 2023 was approximately $7.3 billion (2022: $2.3 billion). The net debt to EBITDA ratio stood at 1.9x (2022: 0.9x).

CHANGES IN SHARE CAPITAL

AKROPOL GROUP LTD controlled by Akhmet Palankoyev ceased to be a shareholder of Polyus PJSC.

SUSTAINABILITY

Polyus takes a responsible approach to environmental protection in its regions of operation. The Company strives to use natural resources in the most sustainable way and engages in environmental protection activities. In 2023, the Company's investment expenditures on environmental protection activities totaled RUB 7.8 billion. The Company approved the group's Position Statement on the Tailings Storage Facility Safety, which identifies the task of ensuring the safety of these facilities as one of its priorities. Polyus also prioritizes the reduction of its climate change impact. The Company believes that businesses should make efforts to reduce their carbon footprint and improve the energy efficiency of their operations. In 2023, Polyus continued to deliver on its Climate Strategy targets and achieved a 26% reduction in gross GHG emissions (Scope 1 and 2 under the Climate Strategy) compared to 2020.

Polyus is constantly improving its HR management practices and holds leading positions in Russia's best employer rankings year after year. For example, in 2023, Forbes ranked the Company among the best employers in Russia with the highest Platinum employer status. In the reporting year, we set up an internal private employment agency, Polyus Talent Pool, to improve the effectiveness of employee recruitment for Polyus' operational sites. We also revised our approach to employee training and development, making it more business-oriented and comprehensive. In addition, we changed our approach to employee motivation and remuneration and improved the approach to setting key performance indicators (KPIs). The Company has moved from individual tasks relevant to a particular unit to KPIs focused on achieving business objectives.

In 2023, Polyus piloted an innovative advanced approach to financing social impact initiatives. The Company launched the Polyus charity[1] foundation to offer cash grants for the most exciting projects and support initiatives around regional development, environment, culture, education, and volunteering. The first grant competition proved a success, and we plan to further expand Polyus Foundation's activities.

[1] Polyus Foundation's official website: polyus-fund.ru

OUR PURPOSE

We are committed to unlocking the potential of our high-quality operating assets and projects under development. We will accomplish this by transforming into a most efficient, responsible, and advanced business at the forefront of the industry.

OUR KEY FIGURES

FINANCIAL		OPERATIONAL		SUSTAINABILITY	
Total cash cost (TCC) per ounce:	$389	Ore mined: mt	81.8	Electricity consumption from renewable sources: [2]	100%
Adjusted EBITDA:	$3.9 bln	Ore processed: mt	48.9	Water recycled and reused:	93.2%
Adjusted EDITDA margin:	72%	Average recovery rate:	83.0%	Lost time injury frequency rate (LTIFR):	0.13
Net debt / Adjusted EBITDA:	1.9x	Gold output: moz	2.9	Reduction in GHG emissions intensity vs. the Climate Strategy's base year (2020):	24%

Environmental protection investments

More information on p. 38

Business model

More information on p.11

Our investment case

More information on p. 6

[2] In 2023, the bulk of the Company's electricity consumption was met through direct power supply agreements, and the remainder was covered through the redemption of renewable energy certificates issued by H2 Clean Energy LLC and purchased in 2023.

Polyus is steadily growing and is investing in expanding existing facilities, improving production efficiency, and building up its resource base. Our business strategy and competitive edge enable us to look to the future with confidence.

We take a responsible approach to everything we do, recognizing that our business is inextricably linked to the Company's regions of operation, the environment, local communities, suppliers, partners, customers, employees, investors, and other stakeholders, to whose well-being the Company's long-term stability contributes.

Where we operate[3]

Our large-scale production assets are spread across Russia's richest gold mining provinces in Eastern Siberia and the Far East. Our principal operations are located in Krasnoyarsk Territory, Irkutsk, Magadan, and Amur Regions, and the Republic of Sakha (Yakutia).

Our values

Polyus' values guide the day-to-day work of all our employees and motivate them to achieve a high level of performance.

- Efficiency
- Development across all business areas
- Safety
- Sustainability
- Professionalism
- Cooperation

1

Olimpiada

- Krasnoyarsk Territory
- 52% of the Company's total production volume
- 55% of the Company's adjusted EBITDA
- TCC: $285/oz
- 3,040 – average headcount
- Processing capacity: 15.4 mtpa

More details

2

Blagodatnoye

- Krasnoyarsk Territory
- 14% of the Company's total production volume
- 15% of the Company's adjusted EBITDA
- TCC: $392/oz
- 1,366 – average headcount
- Processing capacity: 9.1 mtpa

More details

3

Alluvials

- Irkutsk Region
- 4% of the Company's total production volume
- 2% of the Company's adjusted EBITDA
- TCC: $1,168/oz
- 2,646 – average headcount

More details

4

Verninskoye

- Irkutsk Region
- 9% of the Company's total production volume
- 9% of the Company's adjusted EBITDA
- TCC: $456/oz
- 1,118 – average headcount
- Processing capacity: 4.0 mtpa

More details

5

Kuranakh

- Republic of Sakha (Yakutia)
- 8% of the Company's total production volume
- 7% of the Company's adjusted EBITDA
- TCC: $599/oz
- 1,686 – average headcount
- Processing capacity: 7.8 mtpa

More details

6

Natalka

- Magadan Region
- 14% of the Company's total production volume
- 13% of the Company's adjusted EBITDA
- TCC: $490/oz
- 1,792 – average headcount
- Processing capacity: 12.7 mtpa

More details

7

Sukhoi Log

- Irkutsk Region
- Project re-engineering ongoing
- In 2023, the Company expanded its initial drilling program and drilled 65.9 kilometers
- A decision was made to conduct pilot tests of the Sukhoi Log ore at the Verninskoye mill in the second half of 2024
- 127 – average headcount

More details

[3] As of December 31, 2023

Strong culture, committed people

Polyus strives to create value for all its stakeholders. Every one of our people plays a significant part in achieving this objective. Over many years, the Company has held leading positions in the best employer ratings in Russia. We put great value on attracting the most talented and motivated people to meet our ambitious production goals.

In 2023, Polyus launched a single recruitment center, Polyus Talent Pool, tasked with attracting experienced qualified employees and training candidates who do not have relevant experience. Employees are trained under Polyus' corporate training programs based on the Company's standards. Existing employees will also be able to participate in retraining and upskilling in various professions and in operating various types of equipment and get qualification certificates. Training includes theoretical studies, practical hands-on exercises at training facilities, operations apprenticeships, and support from more experienced mentors.

The need to set up Polyus Talent Pool was prompted by Polyus' development of a large-scale production program and new capacity expansion projects. The spin-off of the recruitment and employment function into a separate business unit will boost the effectiveness of the relevant processes and take the experience of interaction between job seekers and the Company to a whole new level, including crucial areas such as new employee training and onboarding. Polyus strives to make the hiring process at its enterprises as convenient, clear, and transparent as possible for candidates while providing all the information on working conditions, compensation, training opportunities, and career growth prospects.

Our employees are key to Polyus' success. We are building a culture that makes our people feel valued and offers opportunities for professional growth. The Company has a single recruitment center (Polyus Talent Pool), the Employee Training Center, corporate training centers, the Comprehensive Expertise Enhancement Program, the Rotation and Apprenticeship Program, the Corporate Mentorship Program, etc.

All Company employees can take part in various volunteer activities and propose and implement initiatives to improve operating processes, drive operational excellence, and promote a health and safety culture. We strive to actively develop our internal communications channels. In 2023, Polyus' primary communication tools were supplemented with internal Telegram channels, which operate every day to highlight key events at the business unit level. These channels are now the fastest and the most popular tool for communication with employees.

- Team
- Industry position and asset quality
- Growth prospects
- Sustainable development
- Operational excellence and technological advancement

High-quality stable portfolio of world-class assets

Polyus is committed to realizing the potential of its world-class production assets. Our clear strategy and strong leadership are helping to deliver sustainable productivity growth.

Expansion projects at Kuranakh

Polyus continued implementing the project to expand the existing Kuranakh heap leaching capacity from 1.5 mtpa to 5.0 mtpa and switch to dynamic ore processing. Upon completion of the project (slated for 2025), the Company expects annual gold output from Kuranakh to increase by 50–60 koz. The Company also plans to build a new 12.5 mtpa heap leaching facility at the Southern cluster. The project involves a phased start-up, with the processing capacity expected to reach 6.25 mtpa from 2026 and 12.5 mtpa from 2028. Dynamic ore processing is also planned to be introduced as part of the project. The project will boost gold production by 225–260 koz per year.

Kuranakh has a mill, in addition to its heap leaching facility, and Polyus continues to implement a project to increase its capacity to 7.5 mtpa. Upon completion of all projects, the volume of ore processed should grow to 25 mtpa (FY 2023: 7.8 mtpa).

The Company sees itself as a leading global gold producer with a high-quality portfolio of assets characterized by low cost and long life of mine.

When investing in advanced growth projects and exploration activities, the Company adheres to the principles of responsible mining and sees its mission in creating long-term value for all stakeholders. Polyus has many years of experience in implementing major investment projects, and the Company's business is based on commitment to the UN Sustainable Development Goals.

- Team
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Exceptional growth prospects

Polyus continues to implement several major growth projects.

Sukhoi Log: continued progress

With a long life of mine and one of the highest ore grades globally, the world-renowned Sukhoi Log deposit provides us with a robust platform for the Company’s long-term growth. In the second half of 2024, Polyus intends to pilot test the Sukhoi Log ore at the Verninskoye mill. The Company has already started pre-stripping activities within the pilot pit.

Throughout 2023, the Company progressed with the construction of the Vitim substation and 220 kV power grid at Sukhoi Log, which are within the Polyus project scope for the technical connection of Sukhoi Log to the existing power grid. In 2023, Polyus continued the construction of infrastructure: internal power grid lines, roads, and preparing construction sites for production facilities.

In addition, the Company proceeded with the design of bridges and roads on the Taksimo–Sukhoi Log route. Polyus intends to start building key infrastructure facilities in 2024.

More information about Sukhoi Log is presented on p. 32

Spread across Siberia and the Russian Far East, our investments concentrate on assets with low operational and execution risks. We have a track record of consistent year-on-year increases in recovery rates and productivity at our principal sites.

In addition, the Company is ramping up production capacity at its operational mines. At Natalka, the Company plans to introduce a flotation circuit by 2025, which will bring between 25 koz and 45 koz more gold per year.

At Kuranakh, Polyus is expanding the capacity of existing heap leaching facilities from 1.5 mtpa to 5.0 mtpa. Upon completion of the project (slated for 2025), the Company expects annual gold production at Kuranakh to increase by 50–60 koz. The Company also plans to build a new 12.5 mtpa heap leaching facility at the Southern cluster.

- Team
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Sustainability: embedded in our business

A wholehearted commitment to sustainability is key to our operational success. Our stakeholders expect nothing less.

Polyus' Climate Strategy's mid-term target is to reduce direct and indirect GHG emissions (Scope 1 and 2) per tonne of ore processed to 40%–50% by 2032 and achieve Net Zero by 2050. Progress towards decarbonization targets in 2023 includes a 24% reduction in direct and energy indirect emissions per tonne of ore processed.

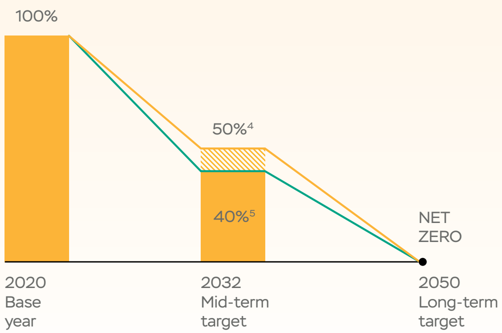
Polyus recognizes that the Company can only make a significant contribution to climate action through joint efforts. Therefore, the Company strives to expand relationships with stakeholders and consider their views when engaging in climate action. Polyus' climate engagements include membership in the National ESG Alliance and the Ecology, Climate, and Environmental Protection Committee as well as participation in RSPP's Working Group on the Development of Distributed Generation and Renewable Energy of the Committee on Energy Policy and Energy Efficiency.

In 2023, the Company participated in the 28th UN Climate Change Conference (COP28). Polyus presented, among other things, its project to replace diesel generators in pits with hydrogen fuel cell generators and a project to switch from fossil fuels (coal, oil) to grid electricity.

In 2023, the first climate project was implemented at the Krasnoyarsk Business Unit, and in 2024, the project was registered in the National Register of Carbon Units.

Polyus discloses information on climate change in line with federal laws while also using voluntary disclosure mechanisms.

Targets for emissions per tonne of ore processed (Scope 1 and 2)



[4] Based on the current mining plans for operating assets and the commisioning of Sukhoi Log

Polyus' priority task is to reduce its climate change impact. The Company believes that businesses should make efforts to reduce their carbon footprint and improve the energy efficiency of their operations; therefore, in 2023, Polyus continued to deliver on its Climate Strategy targets.

100% of Polyus' electricity consumption has come from renewable sources since 2021

8% reduction in coal consumption vs. 2022

24% reduction in GHG emissions intensity vs. the Climate Strategy's base year (2020)

Polyus contributes to the UN SDGs Climate Action and Partnerships for the Goals and to the goals of the Paris Agreement by taking measures to prevent average temperatures from rising by more than 1.5 degrees. The Company takes steps to reduce emissions and assesses climate-related risks and opportunities.

Team

Industry position and asset quality

Growth prospects

Sustainable development

Operational excellence and technological advancement

Operational excellence and innovation

Polyus maintains operational excellence through the development and implementation of advanced technologies, including digitalization technologies.

Mobile solutions: TORO and Refueler

In 2023, Polyus developed and rolled out a mobile equipment maintenance and repair system **(TORO)** at its Kuranakh asset. The system helps employees record the results of each phase of daily maintenance and equipment walkarounds and captures any defects revealed. The resulting information is sent to the ERP system for storage, analysis, and further processing. TORO-assisted regular daily maintenance and equipment walkarounds prevent unscheduled downtime and improve the technical condition of the equipment. The system provides details – descriptions and photographs – of equipment defects. With this information available to employees, daily maintenance becomes more efficient while access to up-to-date data helps line managers make prompt decisions to correct a defect.

In addition, in 2023, Polyus completed the development and testing of the **Refueler** mobile app for fuel truck drivers. Employees enter vehicle and equipment refueling information at production sites. The data is transferred from the app on a mobile device to the ERP system, where a refueling sheet is generated. The Refueler mobile app helps automate filling-out paper refueling sheets and transferring data to the ERP system, significantly reducing paperwork and manual data transfer. It also reduces the risk of errors and facilitates the work of drivers and warehouse keepers.

Digital transformation across all aspects of operations reduces operational risks, costs, and technical losses, thereby upholding Polyus' sustainability principles. The Company improves operational processes by implementing IT solutions at its production assets at all stages of the production cycle and at all management levels.

Polyus' key focus areas for digitalization:

- Digital analytics of processes and data
- Development and implementation of digital solutions for production
- Promotion of proprietary developments
- Implementation of a program to promote the use of the national IT infrastructure

In 2023, the Company's total R&D expenditures exceeded RUB 500 million. In the reporting period, Polyus continued to develop smart digital advisors for production employees. Polyus pioneered workstations for technologists where the ability to generate traditional analytical information (dedicated dashboards, comparison of planned vs. actual data) is combined with the use of advanced analytical tools (indicator guidance, recommendations on relevant parameters, and "what if" analysis).

- Team
- Industry position and asset quality
- Growth prospects
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Business model

Polyus' business model spans the whole gold production cycle from exploration, mining, and processing to the sale of refined gold and careful rehabilitation of the environment. Our growth ambitions are underpinned by a disciplined approach to cost management and a proactive attitude to sustainability.

Polyus' business model aims to achieve the Company's key strategic priorities. We are committed to unlocking the potential of our operating assets and greenfield projects to the maximum extent possible.

THE COMPETITIVE ADVANTAGES OF POLYUS

- High-quality assets
- Experienced and highly skilled workforce
- Technology improvement
- Prudent capital allocation
- Balanced risk management
- Focus on sustainability
- Well-developed network of partnerships

CONTRIBUTION TOWARD THE UN SDGs

Commitment to sustainability

$91.6 mln

invested in environmental initiatives

Reclamation of disturbed lands

565.6 ha

Facilitating social and economic development

5

Regions of the Company's operations through Polyus Charity

2

grant competitions were launched in 2023

Strong financial performance

$5,436 mln

total revenue

72%

adjusted EBITDA margin

High operational efficiency

Steady increase in gold output

2.9 moz

of gold produced

Low-cost profile

$389/oz

Total cash costs (TCC)

Strict cost control

$1,040 mln

capital expenditure

Large high-grade gold ore deposits, maximizing the profitability of mining operations

109 moz

P&P ore reserves[5]

1.8 g/t

average gold grade

Pipeline of cost-efficient core brownfield and greenfield projects

6

brownfield projects

4

greenfield projects

Attracting high-caliber talent focused on professional development and a stronger safety culture

81.5%

employees trained

2.6

safety culture score on the Bradley Curve

Active development of a vast mineral reserve base

81,757 kt

ore mined

48,894 kt

ore processed

Use of advanced process automation technologies

Russia's first automated system for monitoring and control of hydraulic structures

VALUE CREATED FOR STAKEHOLDERS

$80.94 mln

investments in social projects

12%

share of regional procurement

$21.2 mln

employee-related social expenses

$836.2 mln

payments to governments

The Sustainable Development across the Polyus Footprint report published

ENVIRONMENTAL STEWARDSHIP

100%

electricity consumption from renewable sources

24%

reduction in GHG emissions intensity vs. the Climate Strategy's base year (2020)

93%

of water recycled and reused

[5] Ore reserve estimate does not include exploration assets

Market overview

GLOBAL GOLD MARKET

Demand

In 2023, global demand for gold rose 3% to 4,899 tonnes compared to 4,752 tonnes in 2022. China, India, and Turkey were the most active gold buyers in 2023.

Demand from the jewelry industry in 2023 remained virtually flat year-on-year at 2,093 tonnes.

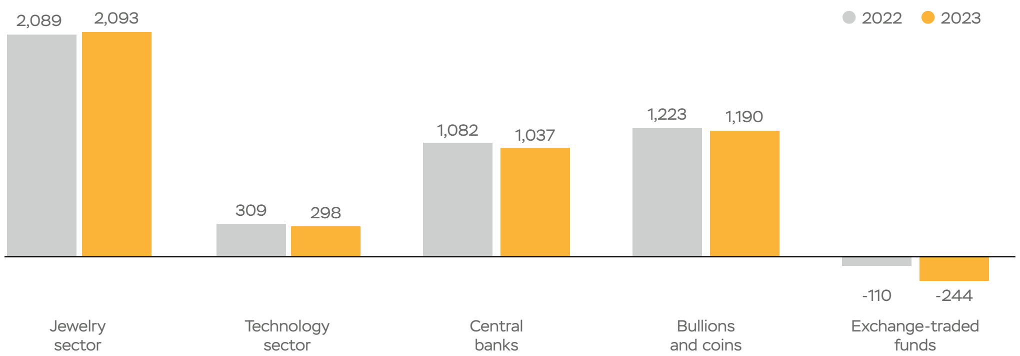
Demand from the technology sector decreased 4% year-on-year on the back of lower consumer demand for electronics.

Demand for gold bullions and coins fell 3% year-on-year but still stayed above the five- and ten-year averages. China, India, and Turkey were the key drivers of demand growth in this category, having displaced Germany and Switzerland from the top positions.

Gold purchases by central banks in 2023 were slightly down year-on-year (by 4%) but remained nearly double the five- and ten-year averages for the second year running.

The **inventories of global** gold-backed **exchange-traded funds** saw capital outflows for the third year running in 2023.

Structure of global demand for gold in 2022–2023 (in tonnes)



Supply

In 2023, gold supply increased mainly due to secondary supply (gold scrap recycling).

Russia is among the largest gold producers globally, sharing second place by production volume with Australia behind China. From March 2022, Russian gold miners have faced significant sanctions pressure: following the London Bullion Market Association (LBMA), restrictions on transactions with Russian gold were imposed by the G7 countries (USA, UK, Germany, Italy, Canada, France, Japan) and the EU and Switzerland. Despite this pressure, Russian companies were able to restructure critical processes, including the supply of materials, and partially switched to new sales markets.

Major gold producing countries

№	Country	Gold production in 2022 (tonnes)	Gold production in 2023 (tonnes)
1	China	372	**370**
2	Russia	310	**310**
3	Australia	314	**310**
4	Canada	206	**200**
5	USA	173	**170**

Source: US Geological Survey study

Gold price

Gold prices continued to rise in 2023. Having started the year at $1,835 per ounce (hereafter, LBMA fixings), gold reached a new all-time high at $2,078.4 per ounce by the year-end. The average price in 2023 was $1,940.5 per ounce.

Gold price dynamics (LBMA) in 2023, $/oz

Source: London Bullion Market Association (LBMA)

Market overview (continued)

Trends and prospects

The US Federal Reserve System's transition to a soft monetary policy. Since a low interest rate environment is more favorable for gold, the key current concern for market participants is the timing of the US Fed's transition to lower rates, as well as the pace of rate reduction in the current year.

Demand in China and India. With about half of global demand for gold coming from the jewelry industry, and considering that jewelry is extremely popular in these countries, purchases by households in China and India will remain a key factor influencing the price of gold.

Demand from central banks. It is expected that demand from central banks (especially in developing economies) replenishing their gold and foreign exchange reserves amid ongoing geopolitical volatility will support gold prices despite a possible decrease in buyer activity vs. the previous two years.

Positive pricing outlook. Global investment banks expect the price of gold to stay high over the medium term (through 2024 and into 2025). For example, J.P. Morgan predicts that the price of gold will grow in 2024 and early 2025, and the average price will reach $2,175 per ounce by the fourth quarter of 2024. Analysts at Bank of America also predict a rise in gold prices, emphasizing that if oil prices rise, the price of gold could reach $2,400 per ounce.

OVERVIEW OF THE RUSSIAN GOLD MINING MARKET

Polyus is the largest gold mining company in Russia (by production volume) and the fourth largest in the world. The Company is one of the top five global gold mining companies, featuring one of the world's lowest production costs. In 2023, the Company's gold production exceeded that of its closest competitor by 1.7 times, while total cash cost per ounce sold was 2.2 times lower.

Company	Gold production in 2022, koz	**Gold production in 2023, koz**	Total cash cost (TCC) per ounce sold in 2022, $	**Total cash cost (TCC) per ounce sold in 2023, $**
Polyus	2,541	**2,902**	519	**389**
Polymetal[6]	1,720	**1,714**	942	**861**

Key challenges faced by the industry

Import substitution. Import restrictions have led to a shortage of spare parts and higher equipment maintenance costs. Most mining companies have had to change suppliers. Companies are mainly seeking to purchase equipment and components from new partners. In the near future, companies will focus on developing a phased import substitution strategy, which will enable them to maintain existing practices and continue implementing innovative projects. However, in most cases, it is likely to take at least three to five years to fully replace equipment from "unfriendly" countries. Polyus works systematically to reduce dependence on foreign equipment in its operations. To do this, it developed the Program to Expand Cooperation with National Suppliers, established a dedicated unit, and set up a standing commission. The Program takes into account the criticality and urgency of the import substitution target and is one of the Company's priorities.

Digital transformation. Companies require advanced IT solutions to improve and automate their day-to-day operations, while information security concerns force them to look for Russian solutions. The biggest challenge in information technology is gaining access to automated process control systems, geological and mining information systems, and ERP and MES systems. While abandoning foreign software can be a lengthy and complex process, many companies in the industry are willing to ramp up investments in digitalization and promote import substitution in this area. A new company, Polyus Digital, was established within Polyus to reduce dependence on third-party organizations for critical IT systems. Polyus Digital will reinforce digitalization projects at Polyus and develop new production management solutions, including those for external customers.

Attracting highly skilled talent. The Russian labor market is experiencing a crisis brought on by a combination of several factors, including the demographic crisis, which leads to a decline in the labor force. Another factor driving down the number of potential employees is the fact that many people have moved abroad. This results in a shortage of employees in various industries in many Russian regions. The Company provides a safe environment and decent pay for all its employees. Polyus takes steps to boost the performance of the HR function and implements corporate projects to recruit and train candidates in professions that are underrepresented in the labor market.

[6] Including Russian assets

Measuring our progress

To measure progress against the Company's strategy, we benchmarked our performance in 2023 against a set of financial, operational, and environmental KPIs.

KPI	CHANGE	RELEVANCE TO STRATEGY	2023 RESULTS	LOOKING AHEAD
Adjusted EBITDA ($ mln) Adjusted EBITDA is defined by the group as profit before finance costs, income tax, income/(losses) from investments (including derivatives), depreciation, amortization, and interest paid, adjusted for one-off items.	2021: 3,529 2022: 2,584 **2023: 3,889**	It demonstrates Polyus' ability to generate operating cash flows, which are a major contributor to its capital expenditure program, working capital requirements, and credit portfolio servicing.	Growth was supported by higher gold sales volumes and lower TCC per ounce.	Polyus is focused on maximizing adjusted EBITDA through cost reduction and operational efficiency initiatives.
Total gold output (koz) Volume of gold produced from Polyus' hard-rock mines and alluvial operations in the reporting period. Gold production volumes are measured in thousands of troy ounces.	2021: 2,717 2022: 2,541 **2023: 2,902**	Gold production is an indicator of Polyus' operational performance and demonstrates the operational and management teams' progress in achieving mining plan targets.	Polyus' gold output metrics were in line with the guidance.	Polyus has a strong portfolio of operating assets, allowing the Company to maintain high production volumes and underpinning its status as one of the largest gold producers globally.
Total cash cost ($/oz) Total cash cost (TCC) per ounce sold is the cost of producing and selling an ounce of gold, which includes mining, processing, transportation, refining, and general costs from both mine and alluvial operations.	2021: 405 2022: 519 **2023: 389**	TCC is a key measure of the Company's performance. Polyus pays a great deal of attention to production expenses by monitoring and benchmarking the efficiency and effectiveness of its assets and implementing best practices to control expenses.	Key drivers of the group's improved cost performance on a year-on-year basis were ruble depreciation, higher head grades at the Krasnoyarsk Business Unit, and an increase in by-product credit of antimony in flotation concentrate.	Polyus is introducing additional multi-faceted and intensive measures to contain cost inflation and improve productivity.
LTIFR The lost time injury frequency rate (LTIFR) measures delivery against Polyus' commitment to occupational health across the business.	2021: 0.18 2022: 0.14 **2023: 0.13**	Polyus tracks both reactive (LTIFR, etc.) and proactive (safety culture level) safety performance indicators to measure the effectiveness of the Company's occupational health initiatives and their application across its operations.	The reduction is attributable to the implementation of programs aimed at the comprehensive enhancement of the safety culture and the improvement of the quality of HSE incident investigations focused on preventing the recurrence of such incidents.	Polyus aims to minimize injury rates and achieve zero fatalities through continuously focusing on improving its occupational health management system. For more information, see our Sustainability Report.

Risk management

PRINCIPAL RISKS AND UNCERTAINTIES

Various risks may affect the results of the Company's operating, financial, and investment activities.

The Enterprise Risk Management and Internal Control System (ERM&IC system) consists of interrelated elements that allow us to identify and manage risks at all levels of governance and in all business processes. Internal control is an integral part of risk management, which in turn is a key element of corporate governance.

The ERM&IC system is a continuous and integrated process that involves all Company employees and governing bodies. The Enterprise Risk Management and Internal Control Policy, approved by the Board of Directors, governs the ERM&IC system. In addition to the ERM&IC Policy, the Company has developed and approved an Operating Model to provide effective segregation of roles and responsibilities.

The main goals of the ERM&IC system are to establish controls and to provide reasonable assurance of achieving the Company's objectives, including:

- strategic goals, including increasing shareholder value;
- operational goals, including improvement of the efficiency and effectiveness of the Company's financial and economic activities;
- compliance with applicable laws and regulations;
- safeguarding of assets; and
- timeliness and reliability of financial and management reporting.

The ERM&IC system is based on recognized principles with regard to the recommendations[8] of the Bank of Russia and the Committee of Sponsoring Organizations of the Treadway Commission (COSO)[9], contributing to the achievement of a balance between value increase, profitability, and Company risks:

- **continuity** – risk management and internal control are performed on a continuous and systematic basis;
- **integration** – the ERM&IC system is an integral part of all business processes and covers all of the Company's activities;
- **reasonableness** – the Company adheres to the principle of balance between the reasonable cost of risk response measures and controls and the possible consequences of a risk occurring;
- **segregation of duties** – the rights and responsibilities of Company employees depend on their specific roles and tasks in the ERM&IC system;
- **responsibility** – all Company employees are responsible for the effective operation of the ERM&IC system in accordance with their duties;
- **timely reporting** – information on the risks and effectiveness of controls, as well as the results of the ERM&IC system assessment are communicated to the appropriate level of management and governing bodies in a timely manner;
- **adaptability** – the ERM&IC system is constantly evolving and improving, adapting to changes in the environment.

The Company's management is responsible for improving the ERM&IC system and effective risk management within its scope of authority, including risk assessment, development of risk response measures, and monitoring of risk management performance. Company employees are responsible for the execution of risk response measures, including controls. Specific controls have been embedded into the Company's IT systems to ensure the reliability of financial statements and reporting as well as access control for IT systems.

The key results of the ERM&IC effectiveness assessment are regularly reviewed by the Audit Committee.

Based on the results of risk updates in June 2023, the Company's management adjusted the risk priorities, including the content of the corporate risk register, and updated risk response measures, taking into account the target level of residual risk and the existing level of risk management performance.

The key corporate risks of Polyus PJSC identified by management through risk reassessment are presented below, along with the corresponding response measures.

[8] Corporate Governance Code of the Russian Federation (Bank of Russia's Letter № 06-52/2463 "On the Corporate Governance Code" dated 10 April 2014). Recommendations for Public Joint Stock Companies to Organize Risk Management, Internal Controls, Internal Auditing, and the Work of Auditing Committees under Boards of Directors (Supervisory Boards) (Bank of Russia's Information Letter №IN-06-28/143 dated 1 October 2020).

[9] 1. COSO "Enterprise Risk Management – Integrating with Strategy and Performance" (COSO ERM), 2017.
2. COSO "Internal Control – Integrated Framework" (COSO ICIF), 2013.

Risk management (continued)

Description & impact	Key response measures
STRATEGIC RISKS	
1. Failure to confirm mineral resources and ore reserves given the impact of ore mineral and chemical composition	
To a large extent, the Company's operations depend on existing mineral resources and ore reserves. Inaccurate assessment of the quantity and quality of mineral resources of deposits under development may lead to a decrease in production efficiency due to higher costs, increased labor intensity of mining operations, changes to processing technology, or shorter life of mine. The accuracy of planning saleable ore properties is highly dependent on the scope and timeliness of in-fill drilling, the quality of sample preparation and assaying, the coordination of mining stages, and the availability of up-to-date data on stockpile grades and volumes.	This risk is managed by performing high-quality drilling and QA/QC procedures and by engaging independent assay labs and the auditing of resources and reserves by third-party experts. Annual in-fill drilling programs and validation of gold grades in stockpiled ore are planned and carried out through close collaboration with mine planning teams. The results of resource block model reconciliation with actual production are used for regularly updating modeling techniques, leading to improved forecasting and planning accuracy.
2. Failure to achieve milestones of large-scale capital construction projects	
The Company's investment portfolio comprises large-scale and technologically complex projects underlying the long-term growth plans in ore mining and processing. The principal sources of potential risks at the current stages of these projects are flaws in key process or engineering solutions developed at the scoping and design stages with inadequate internal review and contractors/vendors defaulting on their obligations.	Project roadmaps have been developed and approved to manage this risk. They contain a detailed description of decision-making forks and the sequence of actions for preparing and adopting process and engineering solutions. In addition, competent personnel were involved in developing engineering and technical documentation, and the Company coordinated interaction with design organizations. Business development strategies have been produced for Polyus Project and Polyus Stroi to develop capabilities and improve efficiency and performance in design and construction. The Company implemented a number of measures to optimize large-scale project management to accelerate procurement procedures and harmonize the requirements for the main process equipment. The Company's key engineering solutions maximize the use of Russian-built equipment, components, units, and assemblies.
3. Failure to achieve financial targets during project execution	
The main sources of potential risks are poor estimates of project costs and timeline or incomplete and/or unreliable results of geological studies and/or design and survey activities at the investment-decision stage of a project.	Given the scale of its investment portfolio, the Company is focused on making sure its strategic projects meet the relevant investment criteria by embedding investment control procedures, including: · modeling and sensitivity analysis of a project's economics; and · regular update of models used to calculate the project's economics as part of project implementation monitoring.
4. Selection of inefficient engineering/process solutions	
This risk may occur because of an improper test program or scope of studies and pilot testing of new technologies that are inadequate for the project stage, as well as due to the complexity of designing processes under the current scope of operations.	To minimize the risk's probability, the Company retrofits the research center's and design institute's laboratories, enhances the professional skills of its workforce, holds training events, and involves top experts, including from international engineering companies, in reviewing its strategic projects. The Company improves the sampling and analysis methodologies and increases sample numbers if necessary (for better reliability). Polyus also undertakes geometallurgical mapping for brownfield and greenfield projects and develops detailed 3D models of its deposits. Static and dynamic models of process flowsheets are developed to assess the impact of a particular circuit on the overall result with a higher reliability.

Risk management (continued)

Description & impact	Key response measures
OPERATIONAL RISKS	
1. Geotechnical risks	
Mining at deeper levels at the Issuer's open pits requires a strong focus on safe and cost-effective mining operations, which is achieved by evaluating and monitoring rock mass stability to prevent injuries, equipment damage, and interruptions in mining operations. This risk may occur due to an insufficient understanding of the geotechnical and hydrogeological conditions of rock mass or failure to follow the operational procedures in mining. Given the Company's business profile, such geotechnical risks may harm human life and health or cause infrastructure damage or production shutdowns, which could negatively impact the Company's financial performance, reduce its ability to achieve its goals, increase costs to mitigate the consequences, and lead to reputational damage.	The Company continually: · collects, processes, and analyzes geotechnical data; · updates structural geology and hydrogeological models of deposits under development and engages international experts; · designs mining operations based on advanced numerical 3D modeling of pit slope stability; · develops and improves the instrument-based pit slope monitoring system for rapid identification of critical deformations; · develops and implements design solutions for surface and groundwater control in line with international best practice; · improves smooth blasting techniques to mitigate the negative impact of blasting on the rock mass; · undertakes engineering of slope protection in hazardous areas; and · conducts geotechnical risk training and awareness sessions for operations personnel.
2. Functional and IT security failure of mill APCS or mining fleet ACS	
Operational efficiency largely depends on the reliable operation of the mill automated process control systems (APCS) and the mining fleet ACS as process automation intensifies. The risk may occur due to: · software or network infrastructure failure; and · deliberate actions by external or internal actors to damage control infrastructure. Given the Company's business profile, a functional security breach of a mill APCS or mining fleet ACS may result in significantly lower operational efficiency or even unscheduled downtime, affecting the achievement of the Company's production and financial targets. The risk of cyber threats to the group is high, including due to APCS suppliers leaving the market and discontinuing technical support.	The Company is focused on harmonizing its design, installation, and assembly requirements and APCS service routines, and develops and improves emergency shutdown recovery plans for mill APCS and mining fleet ACS. Network infrastructure settings are regularly monitored and updated. Technical personnel receive regular training. Multi-level cyber and physical safeguards are implemented to protect control systems against unauthorized access. The Company's business continuity plan is in place to prevent any disruption to critical IT infrastructure. In addition, the production and supply market for APCS components has been monitored in Russia and other countries.
3. Business interruption (mining business units)	
This risk may occur as a result of non-compliance with operational procedures for process equipment, untimely repair and maintenance programs, failure of electrical grid equipment, or insufficient capacity of the internal electrical grid infrastructure.	To reduce the negative impact of this risk, the Company continuously tracks the technical condition and operational modes of its main process equipment, further develops the methods and processes for managing equipment reliability, including through automated diagnostic and monitoring systems, continuously investigates the root causes of unplanned process equipment shutdowns, and maintains and periodically updates sufficient emergency stock. In addition, the Company reviews the need to build new or refurbish existing power facilities, tracks their condition, and performs timely maintenance on grid facilities. The Company sets up emergency self-generation systems and power redundancy systems, ensuring their timely maintenance.

Risk management (continued)

Description & impact	Key response measures
4. Failure to meet supply chain management objectives	
This risk may occur due to the late delivery of materials and equipment by vendors failing to meet contractual delivery schedules, the late provision of supply requirements by the customer or lengthy procurement processes, the provision of poor quality materials by vendors, or logistical bottlenecks. Given the Company's business profile, late deliveries may lead to project deviations or failure to deliver production or repair programs, which could ultimately result in sales revenue shortfalls for finished products. In the current challenging geopolitical environment, late deliveries mean losing existing opportunities – reduced access to finance and rising cost of capital. By effectively managing this risk, we can unlock multiple positive opportunities, such as cutting procurement red tape, improving the manageability of logistics flows and achieving stability and a lower price factor for costs going forward by using previously accumulated stocks or replacing resources supplied from countries that comply with sanctions against Russia.	Amid the current geopolitical environment, the Company is implementing a range of measures to ensure the procurement of critical equipment and key materials. The Company carries out initiatives for ERP-based automation of material procurement, supply, and quality management as well as warehousing and transport logistics processes. As part of the risk management process, the Company additionally implemented: · early engagement of Procurement, including at the feasibility study stage for investment projects; · annual development and update of procurement and commodity strategies for key materials and works/services as well as the use of framework contracts to standardize the procurement of auxiliary equipment and materials; · an active search for alternative manufacturers of equipment and materials; implementation of an import substitution program; · maintenance of the required level of reserve stock of materials and an emergency stock of spare parts; · consideration of new supply chains; · measures to optimize the length of internal procurement procedures; · updates to the lead time reference book and contractor selection time reference book (as necessary, but at least twice a year); and · use of a marketplace to source inventories for tailings management.
5. Information security	
This risk may occur if Company employees or contractors violate information security policies, or as a result of cyberattacks organized and executed against the Company's data assets amid the increasing intensity of external attacks on IT resources of large companies in Russia and across the globe, the refusal of data protection software developers to honor their contractual obligations, or the need to retrain employees on new solutions. Given the Company's business profile, a successful cyberattack may damage and disrupt operations or individual processes at group entities.	Risk mitigation measures include the rollout of an anti-targeted attack system and data leakage prevention system, antivirus protection improvements and the identification and response to information security events. In addition, improvements are being made to access control systems for the Company's network infrastructure, and steps are being taken to raise information security awareness among employees and contractors. In 2023, the Company completed a project to roll out a corporate network protection system, an antivirus protection and integrity control system for its production systems, and a system for incident management and production system inventory reconciliation and certification.

Risk management (continued)

Description & impact	Key response measures
6. Rising competition for qualified personnel, including technical talent	
Challenges in attracting skilled employees arise due to the limited size of the Russian labor market and a skills gap in the workforce (especially in technical professions). Given the Company's business profile, a shortage of skilled workers may negatively impact labor productivity and increase the Company's costs, including production costs. The Company is taking measures, among other things, to reduce its dependence on the qualifications of its potential new hires, increase productivity, and replace human labor with automation, robotics, and mechanization solutions.	The Company is focusing on building a management talent pipeline (maintaining a talent pool for key positions and developing middle and line management), building in-house expertise through targeted modular training programs, and fostering corporate culture and employee engagement, including by maintaining and constantly improving the high level of worker amenities. The Company is adapting recruiting approaches, expanding cooperation with industry-specific educational institutions, and developing comprehensive training and reskilling programs for blue-collar jobs. Comprehensive initiatives are additionally in place to improve organizational efficiency, including projects for enhancing data management systems used by HR. In 2023, the Company successfully implemented a range of measures to enhance labor productivity, including: · centralizing functions within one of the group's service companies; · standardizing procedures and approaches to setting up operations; · streamlining procedures and eliminating outdated requirements; and · setting up a single center for employee training/retraining, centralized recruitment, and assignment to positions across the group. The Company is taking steps to retain its key employees.
7. Failure to derive expected business benefits from business transformation projects	
Once projects are rolled out, the process and organizational factors listed below may prevent the Company from promptly achieving business benefits: · failure to deliver planned organizational transformations enhancing the stickiness of solutions rolled out through business transformation projects; and · the growing data volumes and complexity of IT architecture requiring additional resources and capabilities to support and enhance solutions.	Risk response measures include: · tracking the implementation of action plans for linearization and stickiness of implemented solutions; · enhancing Polyus Digital to ensure ongoing support and further development of implemented IT solutions; and · developing and implementing measures as part of the Data Governance concept.
8. Delays and budget overruns on capital construction investment projects (projects in progress)	
Capital construction investment projects may run into delays and budget overruns due to changes in engineering and/or process solutions, changes in project scope and boundaries during project implementation, downsides of just-in-time construction procedures, and lack of data for planning early in the project lifecycle. Given the Company's business profile, delayed CAPEX projects may affect the Issuer's ability to deliver its production program or the Company's achievement of its financial performance targets in the current year and/or medium term, depending on the project stage.	Initiatives implemented to manage this risk include project optimization (identification of critical-path activities and optimization of activity schedules and resource requirements) and the implementation and continued improvement of project change management procedures, with the ongoing tracking of progress against targets for key project parameters. A methodology was also introduced to assess the viability/acceptability of fast-tracking projects, given the impact the materiality of the change has on project performance with due consideration of investment criteria (IRR) sensitivity. Project implementation readiness checklists were rolled out. The project readiness assessment methodology uses a risk-based approach to addressing identified deviations and gaps to standards.

Risk management (continued)

Description & impact	Key response measures
9. Low reliability of the external power supply	
This risk may occur due to insufficient capacity of external power grids and possible power shortages in the market.	To improve power supply reliability, the Company has put in place key planned measures to ensure uninterrupted power supply to its existing operating assets. In addition, the Company continuously monitors the implementation of plans for grid power supply for its large-scale growth projects.
FINANCIAL RISKS	
1. Lower gold prices	
Gold price volatility may have a material negative effect on the Company's financial results.	The Company continuously analyzes the sensitivity of its core business to price volatility. A scenario approach is used to develop the growth strategy, and the investment project portfolio is driven by project price sensitivity analysis. Moreover, the Company performs in-process control of surplus stock with regard to market trends.
2. Ensuring the Company's financial stability	
The risk of lower short-term and medium-term financial stability of the Company due to failure to meet production guidance, capital and operating cost overruns, or newly imposed restrictions on access to external financing.	The Company constantly tracks performance against the production plan and analyzes the impact of deviations from the plan on the Company's financial stability, initiating corrective measures if necessary. Performance against and/or changes in the investment program parameters and operating costs are regularly assessed in order to address deviations, including by adjusting budget limits. External financing options are continuously monitored and analyzed, including the assessment of potential debt instruments, interest rates, and the Company's current debt portfolio, to provide options for debt diversification. If planned activities are subject to any external restrictions, the Company regularly considers adjustments to its project activities and changes to its investment program and operating costs in view of the stated strategic goals to minimize the impact of such constraints on the Company's financial stability.
3. National currency appreciation	
Most of the Company's operating expenditure is incurred in Russian rubles. However, realized gold prices are tied to the US dollar. Therefore, the exchange rate of the Russian ruble to the US dollar may affect the Company's revenue.	Flexible financial planning and analysis of the impact of changes in the national currency rate on the Company's targets are used to track the impact of the exchange rate on the Company's financial performance. The Company maintains a balanced debt portfolio with most loans taken in US dollars. For debts in the national currency, hedging derivatives are used to reduce exposure to foreign exchange risk. For short-term payment and currency position planning, a 30-day rolling liquidity forecast is used in the functional and payment currencies.

Risk management (continued)

Description & impact	Key response measures
LEGAL RISKS	
1. Non-compliance with legal requirements and internal regulations for anti-corruption and AML/CFT/PWMD[10]	

The Company's operations are exposed to risks associated with non-compliance with the requirements of applicable legislation (including extraterritorial legislation) on anti-corruption, AML/CFT/PWMD, abuse, and corporate fraud.
 	
Given the Company's business profile, these risks may result in the prosecution of the Issuer and employees; prohibition of certain relations with the government and commercial organizations in the event of certain corruption risks; substantial financial losses (fines) in the event of extraterritorial criminal prosecution; lower market capitalization and share price; large non-revenue losses in the event of the systemic risk of corporate fraud; and an indirect impact on operations due to the lower quality of material supplies.
 	
By effectively managing this risk, we can unlock multiple positive opportunities, such as strengthening the Company's investment case in processes requiring the assessment of business reputation and/or the Company's management quality, for example, as part of securities programs; and ensuring the Company's regulatory resilience through fast responses to changes in mandatory regulations.
	To mitigate these risks, the Company:
	
	· monitors changes in anti-corruption laws and AML/CFT/PWMD legislation (on a monthly basis) and improves internal regulations and procedures (if needed);
	· controls the completion of anti-corruption and AML/CFT/PWMD training by employees and the signing of anti-corruption and AML/CFT/PWMD personal declarations;
	· controls and regularly monitors high-risk activities and transactions (at the contract signing stage and during the payment process);
	· performs background checks on applicants (for potential corruption risks and conflicts of interest); and
	· maintains the effectiveness of the Security Hotline. The Company introduced and posted the following regulations on its official website:
	  · Supplier Code of Conduct
	  · Code of Corporate Conduct
	  · Anti-Corruption Compliance Policy, incorporating the provisions of the National Anti-Corruption Plan for 2021–2024.
	
	The Company has publicly committed to anti-corruption principles by joining the Anti-Corruption Charter of Russian Business.

COUNTRY AND REGIONAL RISKS	
1. Tax increase	
The Company fulfills its tax obligations in full and in a timely manner. However, potential amendments to tax and levy legislation or its application practices and the inconsistency in the legal interpretation by taxpayers and tax authorities can have a negative impact on the Company's financials.	The Company continuously monitors changes in legislation and engages external advisors to mitigate this risk. Their scope of work includes working on possible complex scenarios where changes in legislation might impact the Company's business, including MET specifics, international operations, transfer pricing, new areas of legislation, proactive information gathering, and the development of possible response measures.
2. Continued imposition of restrictive measures against the Russian Federation	
The unstable global situation may have an impact on the Company's operations. There is a possibility that restrictions against the Russian Federation will be further extended and various countries may introduce new restrictions; there is also the risk of international suppliers and contractors losing the ability to cooperate with the Company.	The Company introduced procedures to continuously monitor potential exposure to evolving restrictive measures. The Company has a compliance program in place, which enables Polyus to navigate through this ever-changing landscape of restrictions in order to mitigate the exposure to adverse effects these restrictions may have on the Company. The Company has a tailored response plan in the event of new restrictions. This includes but is not limited to: (1) identifying alternative suppliers and (2) developing a continuity plan to prevent any disruption of critical IT infrastructure.

[10] Anti-Money Laundering / Combating the Financing of Terrorism / Proliferation of Weapons of Mass Destruction.

Risk management (continued)

Description & impact	Key response measures
3. Inefficient government relations	
The requirements of applicable legislation presume flexibility in allocating state funds and in the provision of tax benefits and state subsidies for creating and/or developing infrastructure.	As a responsible subsoil user, the Company monitors compliance with the material conditions of subsoil use, conducts monthly monitoring of changes in legislation and legislative initiatives, and regularly interacts with government authorities, including on the social and economic development of its regions of operation. An interagency working group on the Sukhoi Log project has been set up that includes the Company's representatives (Order of the Ministry of Industry and Trade of the Russian Federation #835 dated 16 March 2021). The Company is a member of the working group on implementing the "regulatory guillotine" mechanism in environmental and natural resource management.
HSE AND ESG RISKS[11]	
1. Diseases and workplace injuries and accidents	
This risk may occur if employees fail to observe occupational health and safety requirements and because of threats to the life and health of employees arising from factors related to operations. By effectively managing this risk, we can unlock multiple positive opportunities, such as less downtime due to staff absence and cost reduction.	The Company is constantly improving risk mitigation and control plans, including preventive measures to comply with occupational health and safety and road safety requirements, and regularly trains employees in safe ways of working. The Company controls the quality and timely provision of personal and collective protective equipment and provides all necessary equipment to ensure safe work. Polyus conducts audits to check production sites for compliance with ISO 45001 and the integrated corporate HSE management system. In 2023, the Company implemented the following risk management measures: · a program to reduce illness rates, including among employees who are frequently sick for longer periods; · a reporting process that feeds data from the anti-sleep and AutoGRAPH systems to inform managerial and organizational decisions, reduce accidents, and improve transport safety; · the development and launch of centralized modular induction briefing for new employees; · the production of information videos showing the incident investigation process; · updating of the HSE Minimum Training block, which contains all information about corporate safety requirements.

[11] HSE – Health, Safety, and Environment; ESG – Environmental, Social, and Governance.

Risk management (continued)

Description & impact	Key response measures
2. Human rights risks in operations	
According to the human rights impact assessment (HRIA) methodology, the Company's operations may be exposed to some risks associated with human rights violations: · non-compliance with occupational health and safety requirements by the Company's personnel and its contractors; · discrimination against employees, the use of forced labor, lack of access to health care; · inadequate grievance mechanism for third parties; and · human rights impact through soil and land degradation following mine closure.	The Company is committed to streamlining the processes of mitigating and controlling human rights risk factors by exercising human rights due diligence and taking measures to enable stronger compliance with the UN Guiding Principles on Business and Human Rights and Principle 3.1 of the International Council on Mining and Metals (ICMM) – Respect Human Rights. The Company uses corporate mechanisms to monitor the quality of feedback and its timely collection; provides regular human rights training; and informs and engages with internal and external stakeholders to ensure human rights are properly respected and protected. The Company plans and implements initiatives to reduce occupational injury risks, provide high-quality and prompt feedback, deliver human rights training to employees, and ensure regular engagement and communication with internal and external stakeholders to promote the protection and observance of human rights across the Company. In 2022–2023, more than 500 employees took the human rights course under the relevant training program. Following the first two training waves, the course was made mandatory for the Company's new hires and existing employees. The group set up a dedicated specialized Occupational Health Center operating across its entities. All Company production sites have completed the procurement stage and are now finishing renovations of medical facilities and preparing for their licensing. The group's largest facility has obtained an updated medical pharmaceutical license, a dental services license and launched the Medical Information System.
3. Negative impact on the environment	
As they can potentially cause environmental damage and have a negative impact on the flora and fauna, the Company's operations are monitored and regulated by environmental protection authorities and regulators. Given the Company's business profile, environmental risks may negatively impact the Company's business, reputation, and financial performance.	The Company complies with all requirements of Russian legislation and applicable international environmental laws. It assesses the impact of its business on the environment and society by identifying potential environmental risks at all stages of its projects – from design to disturbed land reclamation. In 2023, the Company successfully implemented the following measures to manage the risk of negative environmental impact: · opening of an industrial hygiene and environmental laboratory in the Magadan Region and preparing the ground for expanding its capacity; · delivery of the environmental operational control and environmental monitoring program in full; · optimization of production processes to mitigate potential negative environmental impacts; · monitoring of changes in environmental laws and representing the Issuer's interests as inputs to the legislative process; · commissioning of an automated monitoring system for hydraulic structure management and safety monitoring at the Olimpiada mine.

Risk management (continued)

Description & impact	Key response measures
4. Climate risk	
The Company acknowledges the significance of the impact of climate change and actively develops climate change mitigation and adaptation measures. The Company's operations are exposed to climate risks, including physical and transition risks. Although risk assessments have shown that there is currently no critical impact on the Company's operations from any of the risk factors, the following physical risks identified by the TCFD framework were determined to be the most significant risk factors on a five-year horizon: shifts in precipitation patterns (higher precipitation levels) in the cold season, resulting in higher water levels in rivers during the flood season and greater fire hazards (spread of forest fires to industrial buildings and structures). Shifts in precipitation patterns in the cold season may have a significant impact on the Company's business processes, starting in the short term with an upward trend until 2050. In addition, depending on the climate scenario, the most significant physical risks on the 2050 horizon include a change in the number of days with extremely low temperatures and an increase in extreme wind gusts. Climate-related transition risks for the Company are primarily related to changes in international and national laws, including carbon regulation and quotas, leading to higher charges for exceeding regulatory greenhouse gas emission limits.	The Company's Board of Directors approved the Climate Strategy, which sets medium- and long-term goals for reducing greenhouse gas emissions and identifies measures to promote decarbonization. The Strategy aims to reduce Scope 1 and 2 emissions to 40%–50% of the 2020 baseline by 2032 and achieve carbon neutrality by 2050. The Strategy includes an assessment of climate risks under three scenarios (average global surface temperature rise of 2.6, 4.5, or 8.5 degrees Celsius by 2100) for all production business units. The Company plans steps and assesses the resources required to mitigate the impacts of physical and transition risks affecting the continuity of its operations. To manage transition risks, the Company continuously monitors changes in national and international climate laws to ensure timely compliance of its corporate and production processes with the new requirements. In 2023, the Company implemented the following initiatives: · the launch of a climate project to shift the Company's largest asset from coal and oil to other energy sources. The project's design documentation was verified and unconditionally approved by an authorized government body; · the launch of the Green IT project to replace diesel generation with hydrogen fuel cells to power IT infrastructure at the gold mines; · a reduction in indirect greenhouse gas emissions by switching 100% of power needs to renewable sources. In addition, in 2023, new Russian legislation came into effect requiring operations whose emissions exceed 150 kt of CO_2-e per year to submit mandatory carbon reports to the regulator. In line with Resolution of the Russian Government #707 On Approval of the Rules for Submitting and Verifying Reports on Greenhouse Gas Emissions, the Form of Reports on Greenhouse Gas Emissions, the Rules for Creating and Maintaining a Register of Greenhouse Gas Emissions, and on Amendments to Certain Legislative Acts of the Russian Federation, dated 20 April 2022, relevant Issuer reports were submitted in the Krasnoyarsk Territory, Republic of Yakutia, and Magadan Region. The Company sees these risks as moderate given the response measures it has developed and implemented to manage them, such as continuous monitoring of business activities and supply chains across group entities in line with HSE requirements to manage physical risks. Therefore, the negative impacts of these risks on the Issuer's activities are considered minimal.

Operational review

HEALTH AND SAFETY

One of Polyus' priorities is to ensure employee safety in the workplace. In particular, the Company pays special attention to road safety, as continuous rock transportation is a key process at Polyus' operations.

In early 2023, Polyus rolled out the ReadyLine road condition monitoring system and the ATLAS LIFE LINE visual safety system at the Olimpiada mine.

ReadyLine uses sensor readings from the hydraulic suspensions of haul trucks to assess the condition of the roadbed and analyze the vehicle's average speed. This prevents unscheduled downtime, breakdowns, and related potentially hazardous situations. The ATLAS LIFE LINE system reduces the risk of vehicles colliding or hitting people by displaying a projection with bright and clear boundaries that mark potentially dangerous areas. This solution is particularly useful when driving in the dark.

In addition, in 2023, the Smart Drive monitoring and reporting system was enhanced to monitor drivers for road safety. To offer extra motivation for drivers, a drivers' ranking was developed based on data from Smart Drive reports. In the reporting year, these innovations enabled a fivefold reduction in the number of critical road safety violations.

Introducing automated industrial safety control systems helps Polyus reduce risks and improve safety on the roads as well as during operations as well.

TAILINGS MANAGEMENT

Polyus manages 12 existing tailings storage facilities with two more under development. The Company pays particular attention to the safety of all tailings storage facilities. In 2023, the Olimpiada mine deployed Russia's first hydraulic structures safety and management monitoring system that automates the process of obtaining and processing data on tailings storage facilities. As well as enhancing safety, the project also helped create a shared information space with data on tailings storage facilities available to responsible officers at the Company.

The new hydraulic structures safety and management monitoring system captures all data related to tailings storage facilities in a single source. This data is available to staff in real time across all levels, from hydraulic engineers to the CEO. Sensor data and visual observations made by hydraulic engineers are delivered directly to the relevant system dashboards. The system creates an action plan for each identified defect that assigns responsibilities and sets timelines while tracking the implementation status of the plan. The new system places all parties involved in tailings storage facilities management in a single information space and promptly informs them about potentially hazardous situations.

While working on the system, Polyus successfully adapted third-party software to fit the project's needs in compliance with Russian laws, unified existing business processes for monitoring and managing tailings storage facilities, and switched from paper-based document flow to a digital data collection system.

The system's deployment at Olimpiada was seen as a success, and plans include the project's further rollout to all Polyus operations.

PRODUCTION

Polyus produced 2,903 koz of doré gold in 2023. Total gold output amounted to 2,902 koz, up 14% year-on-year, in line with the Company's original production guidance. Production growth across the group was primarily driven by higher gold output from Olimpiada. The Company anticipates a decrease in total gold production in 2024 and set the guidance range of 2.7–2.8 moz. The year-on-year decline in production is expected to be mainly driven by lower grades in ore processed at Olimpiada.

SUKHOI LOG

Polyus continues its efforts to reengineer the project at Sukhoi Log. In the reporting period, the Company progressed with the construction of the Vitim substation and a 220 kV power grid line, which are within the project scope for the technical connection of Sukhoi Log to the existing power grid. In 2023, Polyus continued the construction of infrastructure: internal power grid lines, roads and preparing construction sites for the production facilities. Polyus is aiming to start construction of the main infrastructure facilities in 2024.

Polyus expects to provide an updated schedule and details on the project in 2024.

KEY HIGHLIGHTS

A total of 2,902 koz of gold were produced in 2023, which is within the Company's guidance range of 2.8 moz to 2.9 moz. At the same time, doré gold production increased by 13% to 2,903 koz year-on-year.

Volumes of ore mined rose from 62,333 kt in 2022 to 81,757 kt in 2023 due to higher ore volumes mined at Olimpiada, Blagodatnoye, and Verninskoye, while volumes of ore processed reached 48,894 kt, remaining broadly flat compared to the full year of 2022. Recovery rate stood at 83.0% for the full year 2023 compared to 81.8% in 2022.

At Olimpiada, doré gold production increased 43% year-on-year to 1,502 koz, driven by higher average grades in ore processed as Polyus conducted mining activities at high-grade areas of the Vostochny pit. Total gold output also rose by 43% year-on-year to 1,495 koz, which include 419 koz of gold contained in flotation concentrate.

At Blagodatnoye, refined gold output was up 2% year-on-year to 394 koz in the reporting period, while doré gold production increased 5% year-on-year to 402 koz, driven by higher head grades.

In 2023, doré gold output at Natalka declined by 15% to 392 koz, while refined gold output went down 7% year-on-year to 414 koz. This decrease was due to lower average grades in ore processed.

The difference in dynamics between doré and refined gold output is reflected in changes in gold inventory at the refinery.

At Kuranakh, doré gold output declined by 3% year-on-year to 239 koz in 2023, reflecting lower volumes of ore processed and lower average grades in ore processed at the Kuranakh mill. This was partially offset by higher production volumes at the heap leaching facilities. Refined gold output went down 5% year-on-year to 229 koz.

In 2023, doré gold output and refined gold output at Verninskoye decreased by 11% and 10%, respectively, to 265.7 koz and 267.1 koz. The decline was driven by a lower average grade in ore processed (2.32 g/t in 2023, compared to 2.63 g/t in 2022).

Consolidated operating results

	2023	2022	y-o-y
Olimpiada	**1,075.6**	959.7	12%
Blagodatnoye	**394.4**	387.8	2%
Natalka	**413.7**	444.7	-7%
Verninskoye	**267.1**	296.1	-10%
Kuranakh	**228.6**	239.4	-5%
Alluvials	**103.3**	129.9	-20%
Refined gold output, koz	**2,482.7**	**2,457.6**	**1%**
Flotation concentrate production, t	**188,904**	30,420	-
Antimony in flotation concentrate, t	**27,075**	4,391	-
Gold in flotation concentrate, koz	**419.5**	**83.7**	**-**
Gold payable in concentrate, koz	**347.9**	70.5	-
Total gold output, koz	**2,902.2**	**2,541.3**	**14%**
Rock moved, m³	**139,052**	144,207	-4%
Stripping ratio, m³/t	**1.3**	1.9	-32%
Ore mined, kt	**81,757**	62,333	31%
Ore processed, kt	**48,894**	48,319	1%
Recovery rate, %	**83.0**	81.8	1.2 ppts
Total doré & slime gold output, koz	**2,903.3**	**2,568.0**	**13%**

Location	Krasnoyarsk Territory
Commissioned	1996
Mining/processing type	Open-pit / gravity concentration, flotation, biooxidation, cyanidation
Processing capacity	Three mills with a total capacity of over 15 mt per annum

OLIMPIADA

	2023	2022	y-o-y
Rock moved, '000 m³	56,123	50,538	11%
incl. stripping, '000 m³	43,143	43,539	-1%
Stripping ratio, m³/t	1.2	2.3	-48%
Ore mined, kt	**35,827**	**19,316**	**85%**
Average grade in ore mined, g/t	2.93	2.51	17%
Ore processed, kt	**15,373**	**15,189**	**1%**
Average grade in ore processed, g/t	3.96	2.77	43%
Recovery rate, %	83.4	82.1	1.3 ppts
Doré gold, koz	1,501.7	1,052.2	43%
Refined gold output, koz	**1,075.6**	**959.7**	**12%**
Flotation concentrate production, t	188,904	30,420	-
Antimony in flotation concentrate, t	27,075	4,391	-
Gold contained in concentrate, koz	**419.5**	**83.7**	**-**
Total gold output, koz	**1,495.1**	**1,043.4**	**43%**

Our regions of operation p. 5

The Polyus Class educational program ran for the second time in Krasnoyarsk Territory. Senior school students are given the opportunity to prepare for the unified national exam on key subjects. As part of the program, they can also visit the Company's operating assets and talk with Polyus' experts. The first graduation of Polyus Class took place in March 2023 in Krasnoyarsk. Upon graduation from this two-year industry-related program, 19 out of 20 students enrolled to study engineering professions prioritized by the Company.

Location	Krasnoyarsk Territory
Commissioned	2010
Mining/processing type	Open-pit / gravity concentration, flotation, cyanidation
Processing capacity	One mill with a capacity of over 9 mt per annum

Our regions of operation p. 5

BLAGODATNOYE

	2023	2022	y-o-y
Rock moved, ‘000 m³	23,333	28,538	-18%
incl. stripping, ‘000 m³	17,261	24,560	-30%
Stripping ratio, m³/t	1.0	2.2	-55%
Ore mined, kt	**17,000**	**11,140**	**53%**
Average grade in ore mined, g/t	1.21	1.19	2%
Ore processed, kt	**9,090**	**9,034**	**1%**
Average grade in ore processed, g/t	1.66	1.54	8%
Recovery rate, %	86.9	86.3	0.6 ppts
Doré gold, koz	**402.1**	**382.4**	**5%**
Refined gold output, koz	**394.4**	**387.8**	**2%**

Mill 5

Polyus is on track with the project implementation. In 2023, we completed the main scope of foundation works for the equipment. Polyus also finished the installation of flotation regrinding and carbon regeneration equipment as well as a cone crusher. Mill 5 site infrastructure (power facilities, overpasses, storage infrastructure) is under construction. The main scope of work on foundations for in-pit crushing and conveying (IPCC) has been completed, and installation of steel structures has begun.

Location	Irkutsk Region
Mining/processing type	Sand washing
Processing capacity	9.8 million m³ per year

ALLUVIALS

	2023	2022	y-o-y
Sands washed, '000 m³	7,054	8,819	–20%
Average grade, g/m³	0.46	0.46	0%
Gold in slime, koz	**103.3**	**129.9**	**–20%**
Refined gold output, koz	**103.3**	**129.9**	**–20%**

Our regions of operation p. 5

Polyus successfully conducted an on-site audit of hydraulic structures at 18 Lenzoloto sites. The Gold of Discovery 2 expedition, organized by Polyus together with the Degrees of Discoveries Travel Club, took place in Irkutsk Region. Participants drove over 4,000 km to highlight the region's potential for tourism and promote modern gold mining with Polyus' support.

Location	Irkutsk Region
Commissioned	2011
Mining/processing type	Open-pit / flotation, gravity concentration, cyanide leaching
Processing capacity	One mill with a capacity of over 3.8 mt per annum

Our regions of operation p. 5

VERNINSKOYE

	2023	2022	y-o-y
Rock moved, ‘000 m³	12,376	12,833	–4%
incl. stripping, ‘000 m³	10,238	11,267	–9%
Stripping ratio, m³/t	1.8	2.7	–33%
Ore mined, kt	**5,772**	**4,230**	**36%**
Average grade in ore mined, g/t	1.92	2.39	–20%
Ore processed, kt	**3,951**	**3,902**	**1%**
Average grade in ore processed, g/t	2.32	2.63	–12%
Recovery rate, %	89.5	89.9	–0.4 ppts
Doré gold, koz	**265.7**	**298.0**	**–11%**
Refined gold output, koz	**267.1**	**296.1**	**–10%**

Polyus provided financial support to the Bodaibo Central District Hospital. The funds were used to purchase a building to house medical examination rooms and diagnostic and emergency equipment. In addition, medical rooms and sections for tuberculosis patients and diagnostic radiology were renovated, and an ambulance was purchased. Polyus also financed the overhaul of a section of the heating network and water pipeline supplying the Central District Hospital, which eliminated the risk of the heating system freezing in winter.

In the reporting period, Polyus allocated RUB 4 million under the social and economic partnership agreement to finance area improvements in an urban park in Bodaibo. The park will be provided with outdoor gyms and a variety of playgrounds, as well as walking paths and spaces to host exhibitions and municipal events. In addition, designers plan that the new public space will feature a rope course, a pavilion housing a greenhouse, and a cafe.

Location	Republic of Sakha (Yakutia)
Commissioned	1965
Mining/processing type	Open-pit / resin-in-pulp cyanide leaching, heap leaching
Processing capacity	One mill with a capacity of over 7 mt per annum and a heap leaching facility with a capacity of 1.5 mt per annum

KURANAKH

	2023	2022	y-o-y
Total rock moved, ‘000 m³	19,752	21,412	-8%
incl. stripping, ‘000 m³	13,973	15,508	-10%
Stripping ratio, m³/t	1.4	1.5	-7%
Ore mined, kt	**10,037**	**10,253**	**-2%**
Average grade in ore mined, g/t	1.04	1.05	-1%
Total ore processed, kt	**7,817**	**7,767**	**1%**
Mill			
Ore processed, kt	5,985	6,112	-2%
Average grade in ore processed, g/t	1.19	1.23	-3%
Recovery rate, %	88.3	88.7	-0.4 ppts
Doré gold, koz	200.5	214.7	-7%
Heap leaching			
Ore processed, kt	1,832	1,655	11%
Average grade in ore processed, g/t	0.90	0.79	14%
Recovery rate, %	72.3	72.3	0.0 ppts
Doré gold, koz	38.2	30.3	26%
Total doré gold, koz	**238.7**	**245.0**	**-3%**
Refined gold output, koz	**228.6**	**239.4**	**-5%**

Our regions of operation p. 5

Polyus completed its biodiversity conservation projects under the Polyus Conservation Area program. In particular, the Company conducted a comprehensive review of the current status of Siberian grouse in the Republic of Sakha (Yakutia). Siberian grouse is included in the Red Data Books of Russia and Yakutia, as well as in the Red List of the International Union for Conservation of Nature. An art object symbolizing the work of gold miners opened in Nizhny Kuranakh with support from Polyus. The monument – a mining shovel that operated for approximately 30 years at Kuranakh – was placed at the entrance to the town. In addition, improvements were made to the area adjacent to the ring road.

Location	Magadan Region
Commissioned	2018
Mining/processing type	Open-pit / gravity concentration, flotation, cyanide leaching
Processing capacity	One mill with a capacity of over 12 mt per annum

NATALKA

	2023	2022	y-o-y
Rock moved, ‘000 m³	27,468	30,886	–11%
incl. stripping, ‘000 m³	22,382	24,144	–7%
Stripping ratio, m³/t	1.7	1.4	21%
Ore mined, kt	**13,121**	**17,394**	**–25%**
Average grade in ore mined, g/t	1.02	1.16	–12%
Ore processed, kt	**12,663**	**12,427**	**2%**
Average grade in ore processed, g/t	1.32	1.61	–18%
Recovery rate, %	73.0	72.1	0.9 ppts
Doré gold, koz	**391.8**	**460.5**	**–15%**
Refined gold output, koz	**413.7**	**444.7**	**–7%**

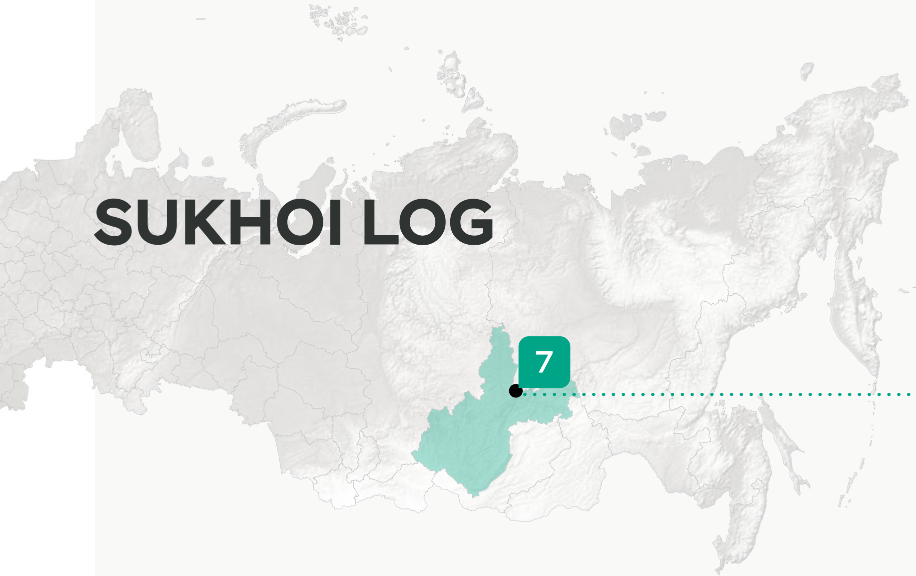
Our regions of operation p. 5

The third Territoryia Magadan Modern Art Festival, organized by Polyus in partnership with the Territory Foundation for Culture and Contemporary Art Development and the Moscow Museum of Modern Art (MMOMA), was held in Magadan in June. More than four thousand spectators attended the festival, and 42 events were held as part of the main and educational program.

In addition, Polyus Magadan signed a cooperation agreement with the Governor of Magadan Region to join the Professionalitet federal project. Polyus Magadan will work directly with regional education centers and provide financial support for purchasing teaching aids and high-tech equipment for practice classes.

Location	Irkutsk Region
JORC resources	81 moz
Grade in resources	1.8 g/t

SUKHOI LOG



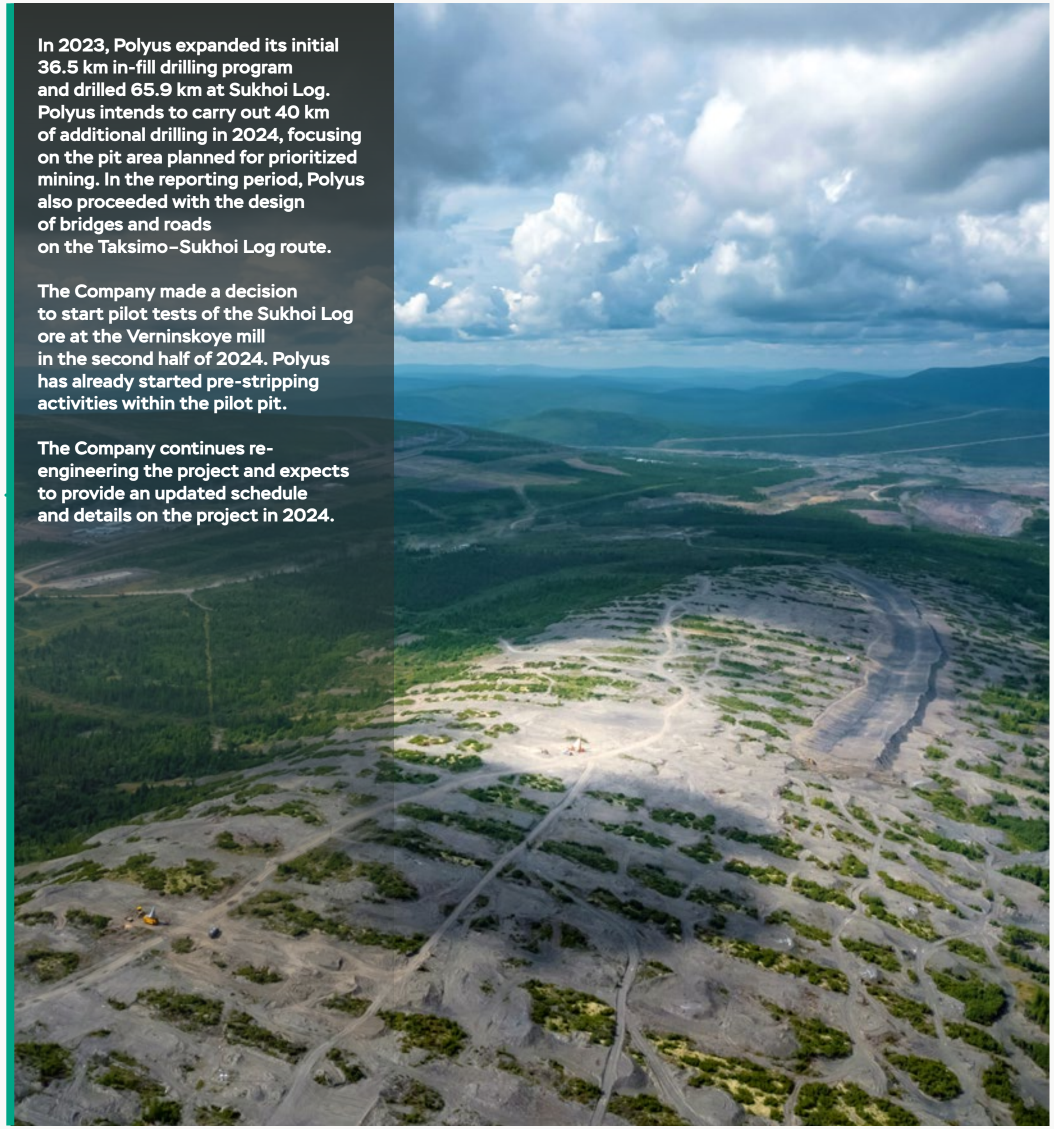
Planned mining/processing type	Open-pit / flotation, gravity concentration, cyanide leaching
Planned processing capacity[12]	One mill with a capacity of 33.2 mt per annum
Life of mine[13]	16 years
Average annual LoM production volumes estimation[14]	2.3 moz
Initial construction capex[15]	$3.3 billion

Our regions of operation p. 5

In 2023, Polyus expanded its initial 36.5 km in-fill drilling program and drilled 65.9 km at Sukhoi Log. Polyus intends to carry out 40 km of additional drilling in 2024, focusing on the pit area planned for prioritized mining. In the reporting period, Polyus also proceeded with the design of bridges and roads on the Taksimo–Sukhoi Log route.

The Company made a decision to start pilot tests of the Sukhoi Log ore at the Verninskoye mill in the second half of 2024. Polyus has already started pre-stripping activities within the pilot pit.

The Company continues re-engineering the project and expects to provide an updated schedule and details on the project in 2024.



[12] Based on the Pre-feasibility Study, to be refined following the project re-engineering.
[13] Based on JORC reserves.
[14] As per a JORC reserve estimate.
[15] Based on the Pre-feasibility Study, to be refined following the project re-engineering.

Financial review

Key highlights

1

Total gold sales volumes in 2023 increased to 2,908 koz compared to 2,423 koz in 2022. This was primarily driven by higher production volumes at Olimpiada and Blagodatnoye.

2

Revenue for the full year amounted to $5,436 million ($4,257 million in 2022). This growth was driven by the aforementioned increase in production volumes and by the higher average realized refined gold price compared to the previous year.

3

The group's TCC for 2023 decreased on a year-on-year basis to $389 per ounce. This reflects ruble depreciation, higher head grades at the Krasnoyarsk Business Unit, and an increase in by-product credit of antimony-containing flotation concentrate ($35 per ounce in 2023 compared to $2 in 2022). Regarding negative factors, the Company notes ongoing consumables price inflation, wage indexation, an increase in electricity tariff and the anticipated decline in grades in ore processed at Natalka and Verninskoye.

4

Adjusted EBITDA in 2023 amounted to $3,889 million, compared to $2,584 million in 2022. This was supported by higher gold sales volumes and lower TCC on a per ounce basis.

5

Net profit amounted to $1,729 million, compared to $1,547 million in 2022.

6

Adjusted net profit amounted to $2,413 million, up 59% year-on-year.

7

Net operating cash flow increased to $2,892 million, compared to $1,881 million in 2022.

8

Capital expenditures (capex) for the full year 2023 decreased to $1,040 million, from $1,119 million in the previous year.

9

Cash and cash equivalents as at 31 December 2023 increased to $1,711 million (31 December 2022: $1,317 million), while net debt increased to $7,339 million (31 December 2022: $2,269 million).

10

The net debt (incl. derivatives)/adjusted EBITDA ratio increased from 0.9x at the end of 2022 to 1.9x at the end of 2023, reflecting a higher net debt.

Financial review (continued)

Key metrics overview

$ million (if not mentioned otherwise)	2023	2022	y-o-y
Operating highlights			
Gold production[16], koz	**2,902**	2,541	14%
Gold sold, koz	**2,908**	2,423	20%
Financial performance			
Total revenue	**5,436**	4,257	28%
Operating profit	**3,172**	1,898	67%
Operating profit margin	**58%**	45%	13 ppts
Profit for the period	**1,729**	1,547	12%
Earnings per share – basic, $	**14.86**	11.44	30%
Earnings per share – diluted, $	**14.80**	11.38	31%
Adjusted net profit[17]	**2,413**	1,516	59%
Adjusted net profit margin	**44%**	36%	8 ppts
Adjusted EBITDA[18]	**3,889**	2,584	51%
Adjusted EBITDA margin	**72%**	61%	11 ppts
Net cash flow from operations	**2,892**	1,881	54%
Capital expenditure[19]	**1,040**	1,119	(7%)
Cash costs			
Total cash cost (TCC) per ounce sold, $/oz[20]	**389**	519	(25%)
All-in sustaining cash cost (AISC) per ounce sold, $/oz[21]	**754**	981	(23%)
Financial position			
Cash and cash equivalents	1,711	1,317	30%
Net debt (incl. derivatives)[22]	7,339	2,269	-
Net debt (incl. derivatives)/adjusted EBITDA[23]	**1.9**	0.9	-

[16] Gold production is comprised of 2,482.7 koz of refined gold and 419.4 koz of gold in flotation concentrate in 2023.

[17] Adjusted net profit is defined by the group as net profit/(loss) for the period adjusted for impairment loss / (reversal of impairment), unrealized (gain) / loss on derivative financial instruments, foreign exchange (gain)/loss, gain on acquisition of subsidiaries, and associated deferred and current income tax related to such items.

[18] Adjusted EBITDA is defined by the group as profit for the period before income tax, depreciation and amortization, (gain)/loss on derivative financial instruments and investments (including the effect of the disposal of a subsidiary and subsequent accounting at equity method), finance costs, interest income, foreign exchange loss/(gain), impairment loss / (reversal of impairment), (gain)/loss on property, plant and equipment disposal, expenses associated with an equity-settled share-based payment plan, expenses associated with COVID-19, gain on acquisition of subsidiaries, and special charitable contributions as required to ensure calculation of the Adjusted EBITDA is comparable with the prior period.

[19] Capital expenditure figures are presented on an accrual basis.

[20] TCC per ounce of gold sold is defined by the group as the cost of gold sales less property, plant and equipment depreciation and amortization, change in allowance for obsolescence of inventory, and expenses associated with COVID-19 and adjusted by non-monetary change in inventory. TCC per ounce sold is the cost of producing an ounce of gold, which includes mining, processing and refining costs. The group calculates TCC per ounce sold as TCC divided by total ounces of gold sold for the period. The group calculates TCC and TCC per ounce sold for certain mines on the same basis, using corresponding mine-level financial information.

[21] AISC is defined by the group as TCC plus selling, general and administrative expenses, stripping activity asset additions, sustaining capital expenditures, unwinding of discounts on decommissioning liabilities, provision for annual vacation payment, employee benefit obligations cost, and change in allowance for obsolescence of inventory less amortization and depreciation included in selling, general and administrative expenses. AISC is an extension of TCC and incorporates costs related to sustaining production and additional costs which reflect the varying costs of producing gold over the life cycle of a mine. The group believes AISC is helpful in understanding the economics of gold mining. AISC per ounce sold is the cost of producing and selling an ounce of gold, including mining, processing, transportation, and refining costs, general costs from both mine and alluvial operations, and the additional expenditures noted in the definition of AISC. The group calculates AISC per ounce sold as AISC divided by total ounces of gold sold for the period.

[22] Net debt is defined as non-current borrowings plus current borrowings less cash and cash equivalents and bank deposits. Net debt also includes assets and liabilities under cross-currency and interest rate swaps at the reporting date. Net debt excludes derivative financial instrument assets/liabilities other than cross-currency and interest rate swaps, site restoration and environmental obligations, deferred tax, and other non-current liabilities. Net debt should not be considered as an alternative to current and non-current borrowings, and should not necessarily be construed as a comprehensive indicator of the group's overall liquidity.

[23] The group calculates net debt (incl. derivatives) to Adjusted EBITDA as net debt (including derivatives) divided by Adjusted EBITDA for the last twelve months.

Financial review (continued)

Cost analysis

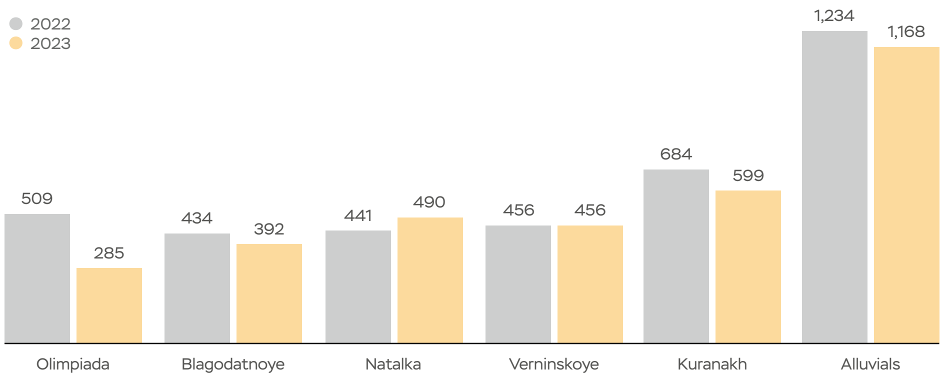
TOTAL CASH COST (TCC)

In 2023, the group's TCC decreased by 25% to $389 per ounce compared to 2022. Key drivers of the group's improved cost performance on a year-on-year basis were ruble depreciation, higher head grades at the Krasnoyarsk Business Unit, and an increase in by-product credit of antimony in flotation concentrate ($35 per ounce in 2023 compared to $2 in 2022). Among negative factors, Polyus notes consumables price inflation, wage indexation, an increase in the electricity tariff, and the anticipated decline in grades in ore processed at Natalka and Verninskoye.

TCC CALCULATION, $ MILLION

Indicator	2023	2022	y-o-y
Cost of gold sales before by-product	**1,727**	**1,792**	**(4%)**
Antimony by-product credit	**(101)**	(4)	-
Cost of gold sales	**1,626**	**1,788**	**(9%)**
Depreciation and amortization	**(766)**	(634)	21%
Expenses related to COVID-19 in cost of gold sales	**–**	(30)	-
Effect of depreciation, amortization, accrual, and provisions in inventory change	**270**	135	-
TCC	**1,130**	1,259	10%
Gold sold, koz	**2,908**	2,423	20%
TCC per ounce sold, $/oz	**389**	**519**	**(25%)**

Total Cash cost (TCC) per ounce sold, $/oz



Olimpiada. In 2023, TCC at Olimpiada amounted to $285 per ounce, compared to $509 per ounce in 2022, primarily driven by ruble depreciation and higher by-product credit as well as higher grades in ore processed.

Blagodatnoye. In 2023, TCC at Blagodatnoye decreased 10% year-on-year to $392 per ounce. The ruble depreciation and higher head grades were the key positive factors affecting cost performance at Blagodatnoye in 2023.

Natalka. In 2023, TCC at Natalka increased to $490 per ounce, up 11% year-on-year, driven by lower head grades as well as a planned increase in the applicable MET rate (from 1.2% to 2.4%) under the regional investment project regime, which was partially offset by ruble depreciation.

Verninskoye. In 2023, TCC at Verninskoye remained flat year-on-year at $456 per ounce. The negative impact from lower grades in ore processed, consumables price inflation, and an increase in electricity tariffs were mitigated by ruble depreciation.

Kuranakh. In 2023, TCC at Kuranakh amounted to $599 per ounce, down 12% on the previous year, mainly reflecting the positive effect from FX movements. In terms of negative factors affecting cost performance at Kuranakh on an annual basis, the Company notes ongoing inflation for consumables, wage indexation and an increase in the electricity tariff.

Alluvials. TCC at Alluvials totaled $1,168 per ounce in 2023, a 5% decrease on 2022, reflecting the positive effect from FX movements that fully offset higher labor and maintenance costs.

ALL-IN SUSTAINING CASH COST (AISC)

In 2023, the group's AISC amounted to $754 per ounce, a 23% decrease year-on-year, driven by ruble depreciation, higher grades in ore processed at the Krasnoyarsk Business Unit, an increase in by-product credit of antimony in flotation concentrate at Olimpiada, and a planned decline in stripping activities at Blagodatnoye and Natalka.

Polyus still resides in the first decile of the global cash cost curve even amid inflationary pressures in the global metals and mining industry.

Financial review (continued)

Debt portfolio analysis

DEBT

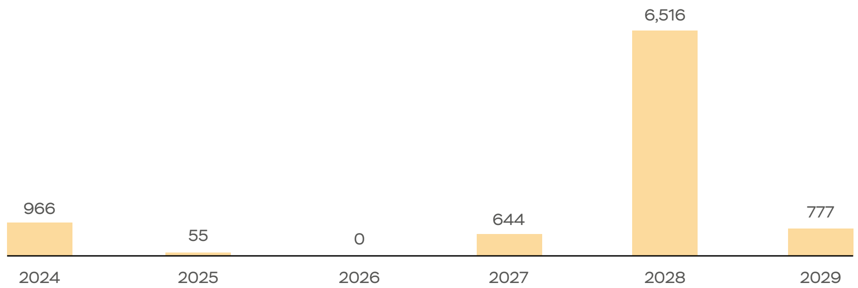
The Company's gross debt increased to $9,050 million at the end of 2023, compared to $3,586 million at the end of 2022.

Eurobonds 2023
In February 2023, the group redeemed Eurobonds in the total amount of $330 million.

Also in February 2023, the group issued RUB 20 billion of ruble-denominated bonds with a coupon rate of 10.4% per annum due in February 2028.

Buyback program
On 10 July 2023, Polyus' Board of Directors approved and launched a program of purchasing up to 40,802,741 ordinary shares of the Company (share buyback). The purchase price was set at RUB 14,200 per share. As at 29 August 2023, the Company completed its share buyback, which was financed primarily through external bank credit facilities.

Debt maturity schedule (as at 31 December 2023), $ million[24]



NET DEBT

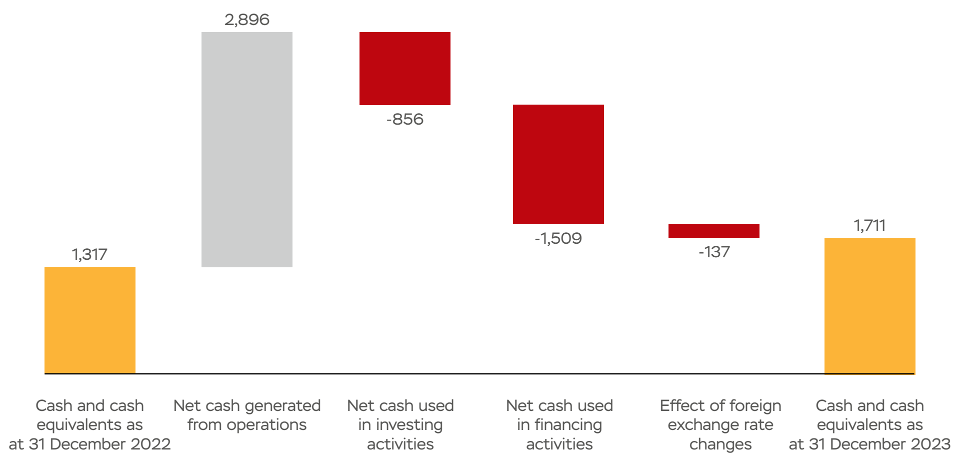
As at 31 December 2023, the Company's estimated cash position increased to $1,711 million from $1,317 million at the end of 2022. The Company's net debt rose from $2,269 million in 2022 to $7,339 million in 2023, reflecting the results of the tender offer announced on 10 July 2023.

Cash flow analysis

STATEMENT OF CASH FLOWS REVIEW

In 2023, net cash generated from operations increased to $2,896 million, up 54% compared to $1,881 million in 2022. Net cash used in investing activities decreased to $856 million, down 55% compared to 2022 ($1,900 million). Net cash used in financing activities totaled $1,509 million.

Cash flow profile, $ million



[24] The breakdown is based on actual maturities and excludes lease liabilities recognized under IFRS 16 as at 31 December 2023 in the amount of $92 million.

Financial review (continued)

Cash flow analysis (continued)

CASH GENERATED FROM OPERATIONS

In 2023, the group's net cash generated from operations totaled $2,896 million, compared to $1,881 million in 2022.

CASH USED IN INVESTING ACTIVITIES

Capital expenditures in 2023 decreased to $1,040 million, from $1,119 million in the previous year.

- Capital expenditures at Olimpiada totaled $198 million in 2023, compared to $199 million in 2022. The Company has improved the BIO complex efficiency by launching four additional reactors at BIO 2. Polyus completed its deep-level and flank drilling campaign at Olimpiada. The Company also finished construction and installation works at the service complex for truck maintenance.
- Capital expenditures at Blagodatnoye in 2023 decreased to $219 million, from $250 million in the previous year. In 2023, Polyus completed the main scope of foundation works for the equipment. Polyus also finished the installation of a FC grinding mill, a cone crusher, and a carbon regeneration section. Mill 5 site infrastructure (power facilities, overpasses, storage infrastructure) is under construction. The main scope of work on foundations for in-pit crushing and conveying (IPCC) has been completed, and installation of steel structures has begun.
- In 2023, capital expenditures at Natalka increased to $156 million (2022: $148 million).
- Capital expenditures at Verninskoye totaled $93 million in 2023 (2022: $102 million).
- At Kuranakh, capital expenditures increased to $134 million, from $129 million in 2022.
- Capital expenditures at Sukhoi Log grew to $110 million, from $88 million in 2022. In 2023, Polyus expanded its initial 36.5 km in-fill drilling program and drilled 65.9 km at Sukhoi Log. Polyus intends to carry out 40 km of additional drilling in 2024, focusing on the pit area planned for prioritized mining. In addition, in the reporting period, the Company progressed with the construction of the Vitim substation and a 220 kV power grid line, which are within Polyus' project scope for the technical connection of Sukhoi Log to the existing power grid. In 2023, Polyus continued the construction of infrastructure: internal power grid lines, roads and preparing construction sites for the production facilities. Polyus is aiming to start construction of the main infrastructure objects in 2024. In the reporting period, Polyus also proceeded with the design of bridges and roads on the Taksimo–Sukhoi Log route. In 2024 (the second half), Polyus also intends to pilot test the Sukhoi Log ore at the Verninskoye mill. The Company has already started pre-stripping activities within the pilot pit.

CASH USED IN FINANCING ACTIVITIES

Net cash used in financing activities for the full year 2023 totaled $1,509 million. Polyus used approximately $340 million to repay borrowings, compared to $509 million in 2022. The Company paid no dividends in 2023.

Environmental stewardship

E

KEY EVENTS

- The Standard on Biodiversity Conservation and Instructions on Environmental Reporting were updated
- A Company-wide waste management function was created (at the Management Company in 2023), to be further rolled out across other business units
- The automated system for monitoring hydraulic structures of the tailings storage facilities was put into operation at Olimpiada
- The methodology for accounting for environmental investment costs was revised

PLANS AND THEIR IMPLEMENTATION IN 2023

Plan	Status	Summary of progress in 2023
Procure additional equipment for Natalka's laboratory	On track	The laboratory has been launched, with certification planned for 2024
Complete the construction of a landfill facility for industrial waste at Kuranakh	On track	Construction was not completed for reasons beyond the Company's control
Put into operation the automated system for monitoring hydraulic structures of the tailings storage facilities at Olimpiada	Delivered	The system was successfully put into operation and is planned to be rolled out across other facilities
Continue Polyus Conservation Area program	Delivered	The program was continued, with initiatives implemented in the reporting period including the monitoring of the lynx population, observation of birds on Talan Island using video cameras, assessment of Verninskoye's biodiversity impact, and monitoring of the Siberian grouse's habitat

RUB 116,1 MLN

NEGATIVE ENVIRONMENTAL IMPACT FEES[2]

92,9%

OF WATER RECYCLED AND REUSED

RUB 24.5 MLN

SPENT ON BIODIVERSITY CONSERVATION

565,6 HA

OF LAND REHABILITATED

UN SUSTAINABLE DEVELOPMENT GOALS

CONTRIBUTION TO RUSSIA'S NATIONAL PROJECTS

Environment

[1] At the time of publication of Polyus PJSC Annual Review 2023, the audit of the metrics disclosed in the Sustainability Review section was still ongoing. Therefore, data for certain metrics may change following the publication of the Annual Review. The updated information will be disclosed in Polyus PJSC Sustainability Report 2023.
[2] Quantitative environmental indicators are accounted for as soon as facilities are recognized as facilities that have a negative environmental impact.

Environmental stewardship (continued)

Polyus takes a responsible approach to environmental protection in its regions of operation, striving to use natural resources in the most sustainable way.

To achieve these goals, Polyus upgrades its equipment and applies 31 out of the 43 best available technologies (BAT) from the Extraction of Precious Metals reference book in its operating processes. The Company's environmental management system is certified to ISO 45001 and ISO 14001.

Company enterprises conduct regular environmental risk assessments using its own methodology.

In the reporting period, environmental charges totaled RUB 116.13 million, including RUB 0.29 million of excessive impact fees.

Polyus takes environmental conservation measures to protect the air, water bodies, and land and to ensure safe waste management. In 2023, the Company's environmental protection investments totaled RUB 7.8 billion.

AIR EMISSIONS

The Company's operations generate emissions of air pollutants. Therefore, Polyus recognizes its responsibility for maintaining the air quality across its footprint within the regulations and takes measures to minimize emissions. Dust from dumps and the loading and transportation of gold ores are responsible for the most significant pollutant emissions. Other contributors include ore mining and crushing and the operation of CHP plants and pit machinery.

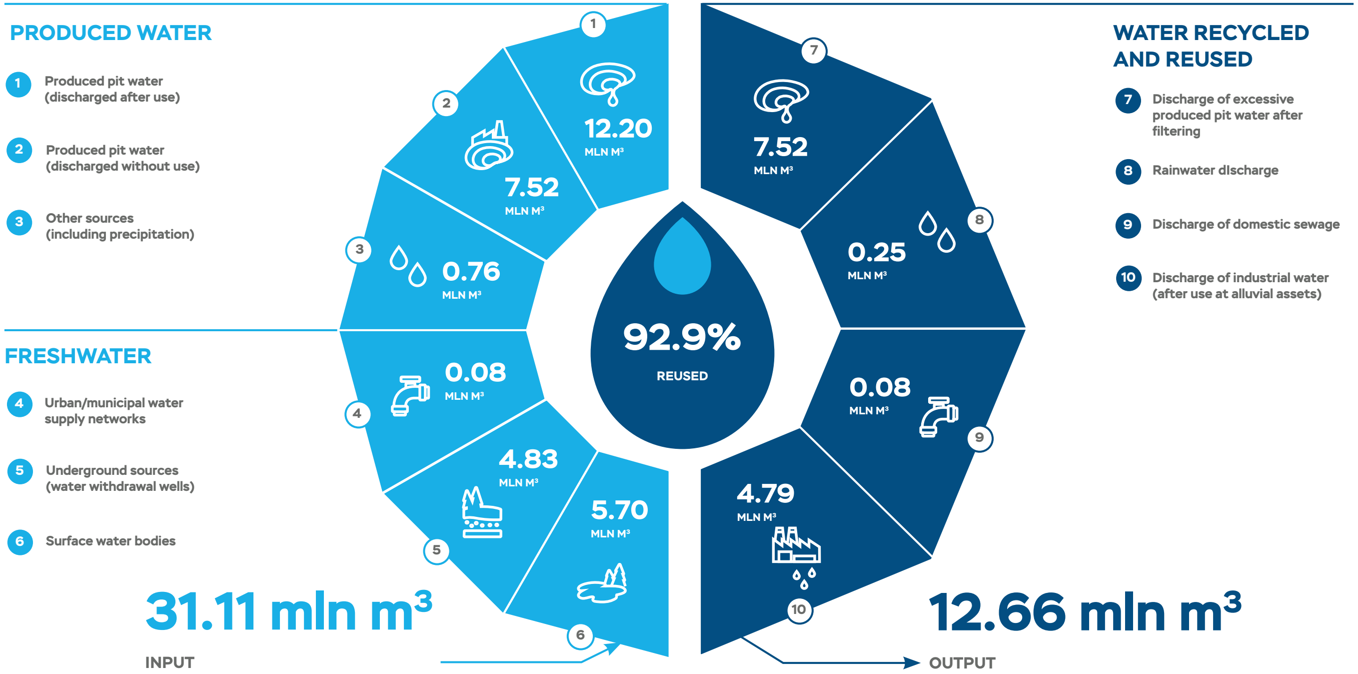
In 2023, the gross emissions came in at 27,547 tonnes, including 24,243 tonnes of key pollutants. The 4% decrease is due to organizational and operational measures taken to reduce emissions. Air emissions per kt of ore were 0.56 tonnes.

WATER MANAGEMENT

Polyus' operations require the use of water for production and general needs. The Company aims to reduce freshwater withdrawal from surface and underground water bodies. To do this, our enterprises endeavor to make more efficient use of water reclaim systems. Another key area of focus includes measures to replace freshwater for operational water consumption needs with pit water produced when developing deposits. These measures allow us to reduce the discharge of pit water to surface water bodies. The Company also ensures a high level of treatment for wastewater discharged to water bodies across its treatment facilities. Polyus withdraws freshwater from surface and underground water bodies as well as from municipal water supply systems. To reduce freshwater withdrawal, our enterprises aim to maximize the use of pit and other water (primarily rainwater) in their operations. In 2023, the Company's water withdrawal totaled 31.10 million m³, up 13% year-on-year. The increase was driven by rising pit water levels due to the geological conditions at horizons at which our deposits are currently developed. Pit water accounted for 39% of total water withdrawal. A total of 23.58 million m³ of water was withdrawn for production needs, with water withdrawal down 4% year-on-year due to the seasonal profile of alluvial operations.

Polyus only discharges water that has been treated at wastewater treatment facilities. Water is discharged to natural water bodies or municipal networks. In 2023, the Company discharged 12.65 million m³ of water, up 20% year-on-year, driven by a rise in pit water levels due to the geological conditions at horizons at which our deposits are currently developed. The bulk of the water (60%) comprised pit water that was discharged after treatment without reuse in operations.

Water management across Polyus' operations



WASTE MANAGEMENT

Polyus' operations generate Hazard Classes 1 to 5 waste, mainly as a result of ore mining and processing. The Company ensures safe waste treatment and strives to increase the proportion of recycled or treated waste. Non-reusable or non-recyclable waste is disposed of at Polyus' own sites, which have been confirmed as safe for the environment and human health by their inclusion in the relevant state register, or is transferred to third parties for landfill, recovery, or treatment.

Amendments to Russian environmental laws that became effective in 2023 classify key large-scale waste rock (overburden and tailings) into a separate group of waste – subsoil use waste – that will be managed in line with the Federal Law On Industrial and Consumer Waste as well as the Federal Law On Subsoil Resources. The proportion of overburden in total waste generated in 2023 stood at 85.86%, while tailings added another 14.12%. Therefore, subsoil use waste accounts for 99.98% of total waste amount generated by Polyus.

In 2023, Polyus' operations generated 335.4 mt of tailings and overburden, down 16% year-on-year due to a lower amount of stripping at deposits in line with the approved mine plans.

In the reporting year, Polyus' operations generated 59.3 kt of waste, including 12.9 kt (22%) of hazardous waste[3] and 46.4 kt (78%) of non-hazardous waste[4], excluding overburden and tailings (subsoil use waste). In 2023, total waste generated decreased 6% year-on-year.

[3] Polyus classifies waste of Hazard Classes 1 to 3 as well as certain wastes of Hazard Class 4 as hazardous, including rubber products.
[4] Polyus classifies waste of Hazard Class 5 as well as certain wastes of Hazard Class 4 as non-hazardous, including waste similar to municipal solid waste, biodegradable waste, and ash waste.

Environmental stewardship (continued)

SAFETY OF TAILINGS STORAGE FACILITIES

The Company stores tailings from its operations at its own tailings storage facilities and ensures their safe operation.

Polyus continues its phased rollout of the Global Industry Standard on Tailings Management of the International Council on Mining and Metals (ICMM).[5] The Company has a dedicated working group in place to incorporate the standard's requirements into its operations. It should be noted that Polyus was actively engaged in developing the standard.

In 2023, Polyus approved the group's Position Statement on the Tailings Storage Facility Safety. This document establishes ensuring the safety of such facilities as a top priority for the Company.

BIODIVERSITY MANAGEMENT

The Company takes biodiversity conservation measures across its footprint in line with its hierarchy of mitigants:

- **Prevention of impact.** Polyus assesses risks and does not undertake business activities that may have an unpredictable impact on biodiversity
- **Minimization of impact.** If an impact cannot be prevented, mitigants are applied
- **Rehabilitation.** This is undertaken if the impact cannot be minimized
- **Compensation.** Polyus is committed to fully compensating for its impact on biodiversity

There are no UNESCO World Heritage Sites within the territory of Polyus' production facilities. Polyus does not conduct any activities in areas of high biodiversity value and does not affect protected and vulnerable species on the Red List of Threatened Species of the International Union for Conservation of Nature and Natural Resources (IUCN).

In 2023, Polyus assessed the status of biodiversity within the areas affected by its operations. The findings suggest a moderate risk of negative impact by the Company's production enterprises on biodiversity across natural regions.

Case study

Biodiversity Conservation ranking by RAEX

In 2023, the RAEX rating agency ranked Russian companies by their level of commitment to biodiversity conservation. Polyus was recognized as leading the ranking. The agency highlights that the Company not only engages with specialized organizations and regularly reports on projects to support rare species of animals but also continuously monitors its environmental impact.

Biodiversity conservation projects are carried out in cooperation with research institutes and other specialized scientific organizations. The Company also consults stakeholders in line with its Stakeholder Engagement Policy through meetings and a biodiversity-related grievance and feedback mechanism.

Case study

Restoring aquatic biological resources

In the reporting year, Polyus ran its traditional initiatives to restore aquatic biological resources. A large batch of young graylings was released into the Belaya River, from where they will flow down to the Bratsk Reservoir (Irkutsk Region). Before releasing the fish, Polyus' representatives visited the Belsky Fishery to check whether the fingerlings had gained the necessary weight. Grayling is one of the valuable fishes inhabiting the Bratsk Reservoir.

Natalka has released over 252,000 peled fingerlings into the Kolyma Reservoir (Magadan Region). The enterprise has carried out fish stocking since 2017. Over this period, a total almost 950,000 peled, Siberian sturgeon, and broad whitefish fingerlings were released into the reservoir.

In 2023, Company enterprises released a total of 879,700 peled, sterlet, and grayling fingerlings into natural water bodies. Over RUB 26.6 million was spent on fish stocking.

REFORESTATION

The Company takes regular compensatory reforestation measures in line with its hierarchy of mitigants.

In 2023, the Company continued its reforestation efforts. A total of 794,400 pine seedlings were planted across 397.2 ha in Irkutsk Region, with another 4,600 pine seedlings planted over 2.3 ha in Khabarovsk Territory. In the reporting period, the total reforestation area amounted to 399.5 ha. The Company plans to continue its reforestation efforts across its footprint. Polyus has signed several reforestation agreements for 2024 covering a total area of 647.3 ha across Krasnoyarsk Territory, the Republic of Sakha (Yakutia), and Irkutsk Region.

PROTECTION AND RATIONAL USE OF LAND RESOURCES

Polyus' production processes and waste management operations lead to land disturbance. The Company recognizes its responsibility for the preservation of land resources and is committed to bringing disturbed areas to a state as close to natural as possible. To do this, Polyus engages in remediation activities, guided by its corporate Standard for Rehabilitation and Mine Closure developed in line with Russian laws and ICMM's sustainability principles. The document sets out the requirements for developing a project to close mines, manage associated risks, engage with stakeholders, and prepare reports.

A total of 1,076 ha of land were disturbed and 565 ha rehabilitated in the reporting period. Disturbed and non-rehabilitated land totaled 25,875 ha at the beginning of the year and 26,369 ha at year-end. The bulk of disturbed and non-rehabilitated land (97.9%) was used for current operations.

[5] Global Industry Standard on Tailings Management.

Energy consumption and climate change

E

KEY EVENTS

- A Working Group on adapting the Management Company and Managed Companies to the requirements of carbon legislation was set up with the participation of the Chairman of the Company's Board of Directors
- A decision was made to implement a gas infrastructure expansion project at Kuranakh
- Implementation of our first climate project at the Krasnoyarsk Business Unit
- Upgrade of transformers at Natalka
- Participation in the 28th UN Climate Change Conference (COP28)

PLANS AND THEIR IMPLEMENTATION IN 2023

Plan	Status	Summary of progress in 2023
Implement an automated accounting system for energy resources across business units	On track	The accounting system is at the design stage
Prepare the GHG Emissions Report for Polyus Facilities Emitting over 150 kt of CO_2-e per year[6]	Delivered	Carbon reports were prepared for three Polyus enterprises: Olimpiada and Blagodatnoye, Kuranakh, and Natalka
Develop the Energy Efficiency Policy	On track	The document is planned to be developed in 2024
Obtain ISO 50001 certification for the energy management system for Natalka	On track	The certification project is being revised Certification is scheduled for 2024
Assess the feasibility of climate projects	Implemented	An opinion was obtained from the agency responsible for validating project documentation for the climate project at the Krasnoyarsk Business Unit, with the project registered in the National Register of Carbon Units[7]
Assess the feasibility of transitioning from coal-fired boilers to low-carbon fuels	Implemented	Explore the potential implementation of a project to transition boiler facilities at Kuranakh from coal fuel to gas
Assess the feasibility of constructing in-house renewable generation facilities	On track	Wind measurements are planned at Kuranakh

100%

OF ELECTRICITY CONSUMED BY POLYUS HAS COME FROM RENEWABLE SOURCES SINCE 2021

8%

REDUCTION IN COAL CONSUMPTION VS. 2022

24%

REDUCTION IN GHG EMISSIONS INTENSITY VS. THE CLIMATE STRATEGY'S BASE YEAR (2020)

26%

REDUCTION IN GROSS SCOPE 1 AND 2 GHG EMISSIONS IN LINE WITH THE CLIMATE STRATEGY VS. THE BASE YEAR (2020)

UN SUSTAINABLE DEVELOPMENT GOALS

CONTRIBUTION TO RUSSIA'S NATIONAL PROJECTS

Environment

[6] Pursuant to Resolution of the Russian Government # 707 dated 20 April 2022.
[7] The Company discloses these events as material events after the reporting period.

Energy consumption and climate change (continued)

The metals and mining industries are energy-intensive and generate large amounts of GHG emissions; therefore, reducing climate impact is a top priority for Polyus. The Company believes that businesses should make every effort to reduce their carbon footprint and improve the energy efficiency of their operations. This is why, in 2023, Polyus continued to deliver on its Climate Strategy targets.

ENERGY CONSUMPTION

In 2023, Polyus continued its energy saving and energy efficiency initiatives as part of its Operations and Technical Development Unit's Functional Strategy for Production Asset Management until 2027, aiming to cut energy costs and GHG emissions.

In 2023, energy consumption across all the Company's operations totaled 22,997 TJ[8], down 8.3% year-on-year. Energy consumption per tonne of ore processed remained virtually flat at 371 MJ. Fossil fuels account for 66% of total energy consumption.

Heat consumption in 2023 decreased by 16% year-on-year to 1,673 TJ. Electricity consumption at Polyus stayed flat year-on-year.

Case study

Scope for energy efficiency improvements

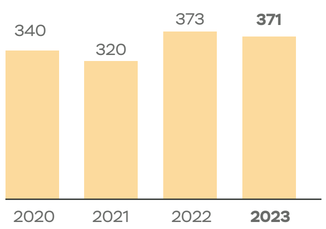
In the reporting period, Polyus explored the feasibility of three ambitious initiatives to reduce emissions by more than 140 kt of CO_2 per year.

We analyzed a project to transition Kuranakh's heat supply to gas-fired boiler facilities from the three coal-fired boiler facilities that currently supply the enterprise's needs. In early 2024, it was decided to launch the project. We are also planning to work on preparing the technical specifications to determine the feasibility of connection to gas supply grids. The project is scheduled for implementation from 2024 to 2027 and is expected to reduce the asset's GHG emissions by more than 50 kt of CO_2.

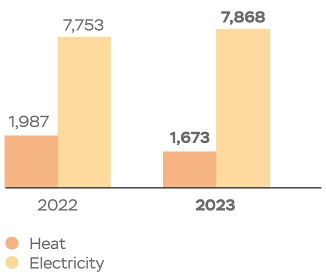
We launched the Green IT project to replace diesel generation with hydrogen fuel cells to power IT infrastructure at the gold mines. In 2024, we plan to expand the project to the Verninskoye deposit, with a potential further rollout. The pilot project will reduce emissions by 1.5 tonnes of CO_2 per year, with further cuts of 7.6 tonnes of CO_2 per year going forward.

Wind measurements are planned at Kuranakh in 2024 to evaluate the feasibility of installing wind generators at the production site. Construction is tentatively scheduled for 2025–2026 if the measurements show the project is viable.

Specific energy consumption, MJ per tonne of ore processed



Heat and electricity consumption, TJ



Since 2021, **100% of electricity** consumed by our operations has come from renewable sources[9]

CLIMATE CHANGE AND GHG EMISSIONS

Polyus contributes to the UN SDGs for Climate Action and Partnership for Sustainable Development and to the goals of the Paris Agreement by taking measures to prevent average temperatures from rising by more than 1.5 degrees. The Company takes steps to reduce emissions and assesses climate-related risks and opportunities.

In the reporting period, Polyus' direct GHG emissions were 1.3 mt of CO_2-e, down 11% year-on-year. Our indirect GHG emissions from electricity and heat consumption totaled 77 kt of CO_2-e in 2023, down 19% year-on-year due to lower energy consumption.

By redeeming the renewable energy certificates purchased in 2024, the Company has fully compensated energy indirect emissions from electricity consumption in 2023 to a total of 72 kt of CO_2-e.

Scope 1 and 2 emissions intensity for the group overall, including mining business units and service companies, calculated using the total weight of ore processed, remained virtually flat at 22 kg of CO_2-e per tonne.

In 2023, our Scope 3 GHG emissions amounted to 1,565 kt of CO_2-e[11], down 43% year-on-year.

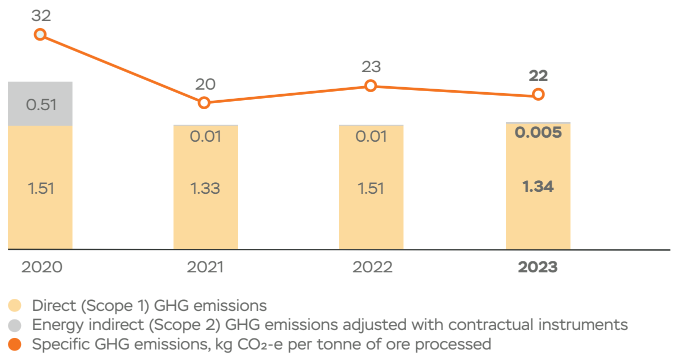
For more details on climate change and GHG emissions, including the TCFD index and GRI disclosures, see **Polyus PJSC Sustainability Report 2023.**

Polyus' climate goals are outlined in its Climate Strategy.

Goal	2023 target	Progress
By 2032 **reduce** direct and energy indirect GHG emissions per tonne of ore processed by **40–50%*** *From a 2020 baseline.	**21 kg of CO_2-e per tonne of ore processed** [10]	As of year-end 2023, direct and energy indirect emissions per tonne of ore processed were reduced by 24%
By 2050 **achieve Net Zero** – zero Scope 1 and 2 emissions		

For more details on the methodology for calculating GHG emissions, see Polyus PJSC Sustainability Report 2023.

Total direct and energy indirect GHG emissions in absolute and intensity terms (for the group overall), mt CO_2-e



[8] Polyus' total energy consumption in line with GRI 302-1 includes non-renewable fuel consumed as well as heat and electricity purchased for consumption.
[9] In 2020, the share of renewable energy in total energy consumption was 80%.
[10] Includes Scope 1 and 2 emissions from business units covered by the Climate Strategy and factors in the purchases of national certificates.
[11] The Scope 3 emissions measurement covered the Krasnoyarsk Business Unit, Kuranakh, Verninskoye, Alluvials, and Natalka.

Human capital

S

KEY EVENTS

- Centralization of HR functions
- Review of the approach to employee recruitment, training, and retention and corporate culture development
- Creation of Polyus Talent Pool, the Company's in-house employment agency
- Development of comprehensive training programs to enhance professional expertise and build a management talent pool
- Transformation of the approach to employee motivation and performance evaluation

20,686
AVERAGE HEADCOUNT

22%
VOLUNTARY TURNOVER

82%
OF EMPLOYEES TRAINED

PLANS AND THEIR IMPLEMENTATION IN 2023

Plan	Status	Summary of progress in 2023
Improve labor productivity	On track	All HR processes have become more business-oriented. The motivation system was changed for some mining processes at Olimpiada and Blagodatnoye, and piece-rate pay was introduced
Analyze work processes at the Management Company and business units in order to develop and implement measures for their optimization, remove overlapping functions, and eliminate excessive controls	On track	Several HR management processes were optimized, including through the centralization of HR functions
Maintain existing social support measures and initiatives	Implemented	The Company has maintained all social benefits in full
Continue to roll out the piece-rate pay system for workers	On track	The piece-rate pay system for workers was introduced at Olimpiada and Blagodatnoye. The Company plans to roll out the system to all its mining business units
Enhance the motivation system	On track	The employee remuneration system was transformed, and the approach to setting KPIs for employee evaluation was revised

UN SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

CONTRIBUTION TO RUSSIA'S NATIONAL PROJECTS

Labor efficiency

Demography

Education

Science and universities

Human capital (continued)

Plans and their implementation in 2023 (continued)

Plan	Status	Summary of progress in 2023
Centralize the functions responsible for remuneration, social policy, and headcount management	Delivered	Several HR functions were centralized: headcount management, compensation and benefits, and organizational design
Develop labor standards	On track	Labor productivity standards were updated as part of the project to introduce a piece-rate pay system. There are plans to further revise them
Further implement the grading system for blue-collar and other Company employees	On track	The grading system for blue-collar employees has been developed and is actively used to determine their remuneration. The Company plans to revise the grading methodology for managers and other white-collar employees
Recruit and train outstaffed employees	Implemented	In 2023, the Polyus Talent Pool single recruitment center was set up as an internal function to hire outstaffed employees. The first workers have completed training and are now employed by the Company

Polyus highly values its people, seeing their professionalism and high motivation as a key to success. Polyus is constantly growing as an employer, attracting talents, improving working conditions and the motivation system, providing opportunities for employees' career growth and development, and engaging them to achieve common goals.

In the reporting year, Polyus focused on tasks such as centralizing certain HR management functions, developing new employee motivation programs for some blue-collar jobs, establishing a single recruitment center, and revising its approach to employee training.

The reporting year saw a series of steps taken to improve the organizational efficiency of HR management. They included the centralization of several HR functions, which will enable higher efficiency in building up HR expertise, faster responses to internal and external challenges, quick feedback loops, and flexibility when implementing changes. The Company is now able to further improve its planning and budgeting tools and drive execution excellence for business tasks.

One of the year's highlights was the creation of Polyus Talent Pool, the Company's private employment agency. The center will improve the efficiency of staffing Polyus' production sites, not only by attracting skilled talent with work experience but also by providing training to candidates with no experience.

In the reporting year, the Company revised its approach to employee training and development, making it more business-oriented and comprehensive. This included developing and implementing programs for employee upskilling and management training. Polyus strengthened its focus on employee retention by providing more opportunities for career growth. Understanding the importance of an open dialogue and timely communication of development plans to employees, the Company paid particular attention to internal communications and team-building activities during the reporting year.

In 2023, Polyus changed its approach to employee motivation and remuneration and revised its Regulations on Providing Incentives and Remuneration to Employees. For blue-collar jobs, the bonus system was updated, with bonuses now paid more frequently, and tenure pay was introduced. In addition, the Company has developed a motivation program of additional payments to reward employees who improve productivity and optimize processes. These changes will take effect in 2024.

Polyus has also improved its approach to setting KPIs, moving from individual tasks relevant to a particular unit to KPIs focused on achieving business objectives. The Company also worked on automating HR processes by shifting to Russian software and internal corporate IT solutions.

Polyus is constantly improving its HR management practices and holds leading positions in Russia's best employer rankings year after year. The Company strives to maintain this status and builds its employer brand to attract the most talented and motivated employees to meet its ambitious production goals. In 2023, Forbes ranked Polyus among the best employers in Russia with the highest Platinum employer status.

WORKFORCE COMPOSITION AND ENGAGEMENT

In 2023, Polyus' average headcount was 20,686, a 9% decrease from 2022. At year-end, the headcount stood at 19,669.

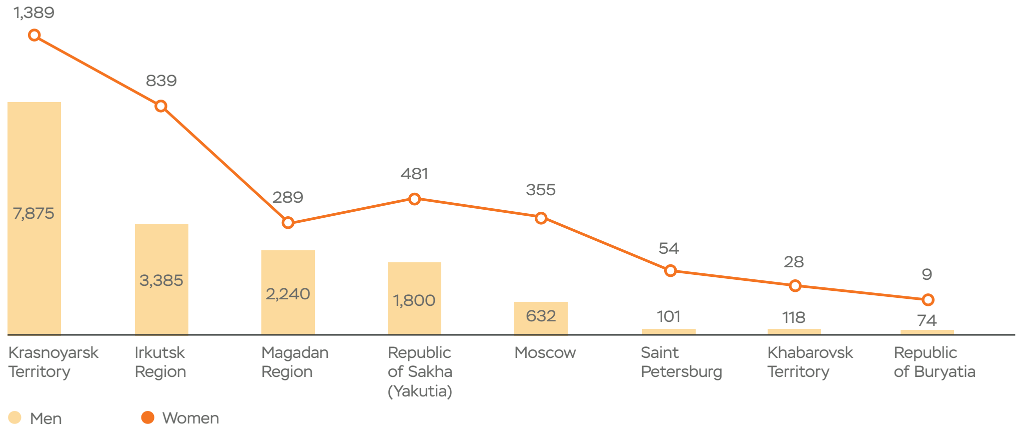
CORPORATE CULTURE PRINCIPLES

The Company values its employees and creates comfortable working conditions for them. The established corporate behavior standards allow each employee to take ownership of common goals and feel confident that their views and interests matter. The development of internal communications is a priority area in our HR management.

In 2023, Polyus began transforming its corporate culture, focusing on team building and development in each business unit.

During 2023, Polyus group analyzed the level of employee engagement in each business unit. The assessment spanning 15 enterprises gauged the levels of employee engagement and satisfaction, identified the drivers of relationships between the Company and its employees, and reviewed changes from previous reporting periods.

Employees by gender and region, people



Case study

First management conference

In November 2023, the Company held its first management conference, bringing together 176 managers from all business units and headquarters. The conference discussed ways to meet the Company's strategic goals and address current business objectives considering external conditions. Significant emphasis was placed on managing aspects of employee communication and using relevant tools. During the conference, participants shared their experience and discussed approaches to streamlining business processes, which broadened their management skill sets and enabled the creation of a single communication space for managers. Following the event, managers put the new solutions into practice in their respective business units.

Human capital (continued)

EMPLOYEE UPSKILLING AND MOTIVATION

Polyus takes a responsible approach to developing the skills of employees and provides all of them with opportunities for advancing career growth and realizing their potential.

During 2023, 16,860 employees underwent training in the Company, which is 82% of the average headcount. Training costs amounted to RUB 117.6 million, or about RUB 5,700 per year per employee. Polyus is constantly developing and improving its mentoring system. In 2023, the Company had 991 mentors. Polyus partners with 15 industry-related educational institutions, organizing work placement internships, running corporate training programs, and participating in image-building events.

Case study

Comprehensive expertise enhancement program

In 2023, Polyus developed unique comprehensive expertise enhancement programs, unmatched in the industry. The three-year programs are designed to harmonize and build up professional expertise across the most complex functional areas requiring specialized knowledge and high qualification levels – geomechanics, drilling and blasting, and geology.

BOOSTING EMPLOYEE MOTIVATION

In addition to opportunities for employee training and development, Polyus is focused on providing decent pay. The Company has a comprehensive employee motivation system in place that comprises financial and non-financial incentives.

Polyus always pays salaries in line with or above market rates. The Company's average pay amounted to RUB 206,200 in 2023. We provide equal opportunities to all employees, regardless of gender or age.

FOSTERING DIVERSITY AND INCLUSION

Polyus has zero tolerance for any form of discrimination in the workplace on the grounds of gender, age, race, nationality, religion, social status, or other characteristics. The Company is committed to creating decent working conditions, supports the principle of equal treatment for equal skills and work, and promotes the values of diversity and inclusion at all organizational levels.

Due to the nature of the mining industry, men make up the majority of Polyus' workforce. One of the steps aimed at supporting gender equality is the Company's traditional participation in the Talented Woman in the Mining Industry award competition established by the non-profit organization Women in Mining. In 2023, three female Polyus employees won the award.

The Company discourages age discrimination in employment. Polyus also complies with all legal requirements as regards employing people with disabilities. In 2023, the Company employed 67 people with disabilities.

SOCIAL SUPPORT FOR EMPLOYEES

At Polyus, comprehensive social support is an integral part of decent and comfortable working conditions that drives our employees' long-term motivation. Polyus offers extra benefits and compensations for employees beyond the statutory levels. The Company's benefits package is sufficiently large and aligned with today's needs.

Employee-related social expenses amounted to RUB 1,809 million in 2023.

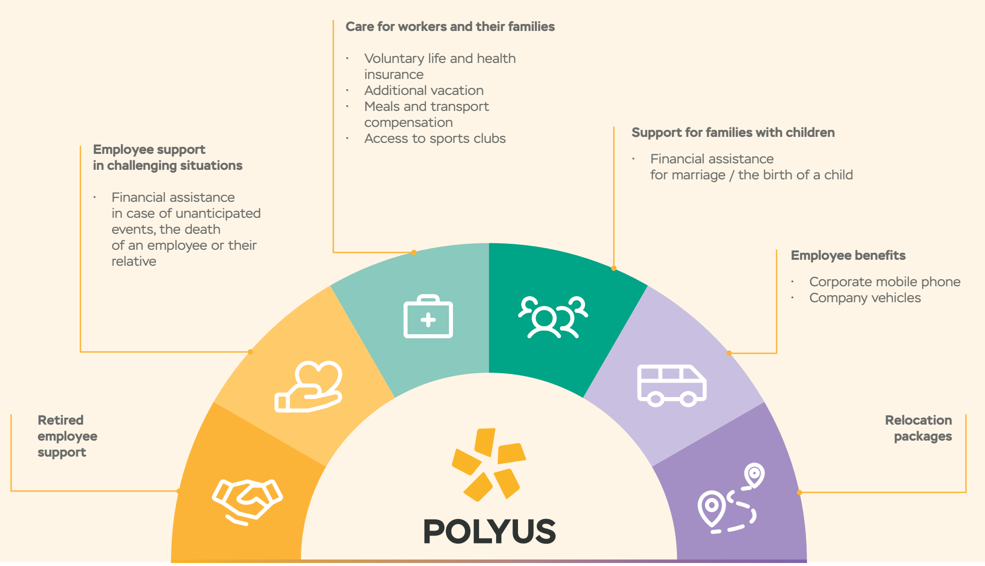
WORKPLACE AMENITIES AND INFRASTRUCTURE

The Company creates a comfortable and modern environment for work and leisure. Shift camps at production sites have all the necessary infrastructure for living and leisure: in addition to modern canteens and dormitories, there are also stores, sports facilities, bathhouses, hairdressing salons, and leisure centers.

Polyus strives to help employees with housing, especially those living in remote regions within the Company's footprint. Through a joint construction project with DOM.RF, the Company is building two tower blocks in Yakutia for Kuranakh production site workers. The new apartments are intended for workers moving with their families from other regions for permanent residence.

In the reporting year, with help from Polyus Logistics, the Company centralized employee transportation to production sites in Krasnoyarsk Territory and Magadan Region. In 2024, the Company plans to scale up this practice to cover production sites in Irkutsk Region.

Polyus' social support system



PROMOTING A HEALTHY LIFESTYLE AMONG EMPLOYEES

A key area of Polyus' social policy is support for employees' healthy lifestyles.

The Company's operations boast top-class sports facilities. Dormitory buildings are equipped with gyms, tennis and billiard tables, and chess clubs. Employees have access to modern cultural and sports centers that all have newly purchased sports equipment. The centers include gyms, sports halls for games and table tennis, and post-workout recovery rooms. In addition, employees are offered a variety of cultural and recreational opportunities. Shift camp sites provide illuminated winter ski trails, skating rinks, and outdoor stadiums. The Company's enterprises regularly host sporting events and competitions.

Human capital (continued)

OCCUPATIONAL HEALTH

In 2023, the Company made fundamental changes to its medical and employee healthcare system. The new Occupational Health Center, headquartered in Krasnoyarsk, was set up within the Shared Service Center. The centralization of this process has enabled a uniform approach and improved the quality of medical care.

Gold mining operations are located far from town hospitals and polyclinics, so the health of several thousand people depends on the availability of professional services at deposit-based medical facilities. A general practitioner and a first-aid paramedic are generally always available on site. The medical facilities are fitted out with all necessary equipment, including electronic systems for pre-shift and post-shift medical examinations.

In 2023, Polyus shifted its focus from the standard healthcare plan to disease prevention measures. Based on a model program, each business unit prepares and signs off its own plan to reduce employee sickness rates.

VOLUNTEERING PROGRAMS

Volunteer activities play an important role in building Polyus' corporate culture. The Company actively partners with non-profit organizations and charities, including through employee volunteer projects. In 2023, 180 employees participated in the corporate volunteering program.

Case study

Russian business leaders

In 2023, Polyus confirmed its leadership in terms of employee healthcare among Russian businesses. For a second year in a row, Polyus received well-deserved recognition from the professional healthcare community.

The Company won RSPP's Leaders of Russian Business: Dynamics, Sustainability, and Responsibility all-Russia competition in the special category For Protecting the Health of Employees and Preventive Measures, Including Promoting Vaccination among Personnel.

The Company's volunteering areas

Health and safety

S

UN SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

CONTRIBUTION TO RUSSIA'S NATIONAL PROJECTS

Healthcare

Labor efficiency

Safe and high-quality roads

KEY EVENTS

- Improvement across all injury rates and in the total number of injuries
- Higher transparency of incident reporting, and its automation and harmonization across all business units
- Establishment of a financial responsibility center within HSE
- Streamlining of the inventory procurement process for hazardous facilities

PLANS AND THEIR IMPLEMENTATION IN 2023

Plan	Status	Summary of progress in 2023
Maintain the safety culture level achieved in 2022	Implemented	The safety culture level remained unchanged from 2022
Review the HSE Risk Management Standard	Implemented	The HSE Risk Management Standard was revised
Review the Contractor Safety Management Standard and develop a platform for a single contractor database	Implemented	The updated Contractor HSE Management Standard was approved. A single contractor platform is being developed within the Shared Service Center (SSC)
Develop and gradually implement (in 2023–2024) a single, Company-wide production control system for hazardous facilities and a system of internal audits with a focus on occupational safety and the safety of hydraulic structures	On track	The Company started maintaining a single electronic archive of documents related to its hazardous facilities
Improve occupational health and safety indicators and implement uniform health and safety programs developed by each business unit	On track	The total number of employee work-related fatalities was reduced (two in 2022, one in 2023). The accident investigation process is being improved
Expand the capabilities of SSC 2.0 to enhance its staff training (in HSE) and contractor management contributions	On track	SSC 2.0 supported the development and implementation of uniform HSE mandatory training regulations at the Krasnoyarsk Business Unit, Polyus Logistics, and Polyus Stroi. This document will be rolled out to Kuranakh

2.6

SAFETY CULTURE SCORE ON THE BRADLEY CURVE

0.13

LOST TIME INJURY FREQUENCY RATE (LTIFR)

1

FATALITY IN 2023

Health and safety (continued)

Polyus' systematic approach to occupational health and safety includes the identification and analysis of risks associated with injuries, accidents, and incidents as well as proactive measures to prevent them.

The Company pays particular attention to issues regarding occupational health and safety (OHS) across all management levels, from strategy to the shop floor. To provide safe working conditions and prevent potential accidents and incidents, all Polyus business units have a vertically integrated health, safety, and environment (HSE) management system in place. The system complies with international best practices, Russian laws, voluntary initiatives, and the ISO 45001 and ISO 14001 standards. In 2023, compliance with the standards was confirmed by an external audit, and safety culture was also assessed.

Total occupational health and safety costs amounted to RUB 1,336 million in 2023, up 72% year-on-year, with average costs per employee at RUB 63,500.

To achieve the best results, Polyus is actively enhancing and implementing a risk management system. Its risk-based approach enables Polyus to effectively manage safety matters, prevent accidents, reduce injury rates, and further improve the HSE management system.

Polyus guarantees the right of employees to refuse to perform work if they believe it poses a danger to their health or safety, with no disciplinary action taken against them by management. At the same time, withholding information about an incident at any level is a direct violation of the safety requirements and will result in disciplinary action.

Polyus is committed to improving the accident investigation process. The Company understands that taking a stricter approach and better corrective actions provides greater confidence that such incidents will not occur again. Accident investigation results feed into accident prevention programs for each Company business unit. Progress on measures taken is monitored as part of an implementation progress evaluation of the incident management process. The 2023 annual evaluation was reflected in the personal leadership commitments of all business unit heads and CEOs.

Case study

Training internal coaches

In 2023, change leaders (internal coaches) took the Implementing the Risk Management System program. Over the course of several days, employees from Verninskoye and Natalka studied the new system and learned how to pass that knowledge on to their colleagues. Internal risk management system coaches were provided with two ready-made courses, complete with presentation materials, additional practice cases, interactives, etc. The course will take four hours of in-person training for employees to complete, while for line managers, the Company will conduct a one-day in-person course.

ENHANCING SAFETY CULTURE

Polyus has built a strong safety culture. The Company's main objective and key performance indicator in this area is to maintain the performance achieved at the level of individual business units and for the group as a whole. In 2023, through the responsible approach taken by all employees and management to OHS, the Company was able to keep its safety culture maturity at the same level as in previous years.

The Company believes that workplace safety relies on the safety culture of each employee and role modeling by senior management. Every year, Polyus engages senior management in OHS matters. In 2023, audits by top managers were added to the agenda of on-site management meetings. Each vice president visited a production facility of the Company and took note, within their competencies, of both the strengths and areas for improvement in the site's safety management.

To motivate managers, Polyus has introduced a system of proactive KPI metrics, including as part of personal leadership commitments.

Health and safety (continued)

INJURY PREVENTION

The life and health of employees are Polyus' top priority. The Company is committed to providing a safe working environment and maintains a strong focus on achieving zero work-related injuries. The Company's strategic goal is injury-free operations.

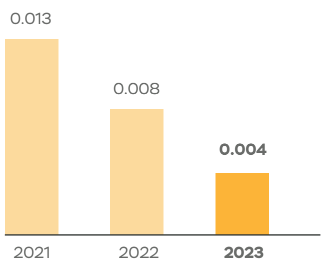
In 2023, Polyus embarked on a journey to improve the quality of management and accident investigation. The new approach is based on the principles of immediate reporting and communication of incidents.

Polyus employees underwent training on the updated Incident Reporting, Registration, Recording, and Internal Investigation Standard. Under the new rules, investigations must be focused on identifying root causes. By accurately assessing the causes of incidents and eliminating workplace safety gaps, future major incidents can be prevented and reduced overall.

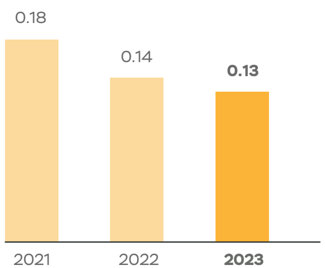
By making a holistic effort to reduce injuries in 2023, Polyus managed to reduce the number of lost time injuries (LTI) and medical treatment cases (MTC) among its employees.

Unfortunately, the Company had one fatal accident, and three employees sustained serious injuries in 2023. The serious work-related injury rate was 0.013. There were four serious injuries unrelated to work. In the reporting period, Polyus was able to reduce the fatal accident rate (FAR) and lost time injury frequency rate (LTIFR) among its employees while maintaining total registered injuries frequency rate (TRIFR) among employees flat year-on-year.

Total fatal accident rate (FAR)



Lost time injury frequency rate (LTIFR) among employyes



HEALTH AND SAFETY TRAINING

Occupational health and safety training is an important aspect of Polyus' efforts, as it helps to improve employee knowledge of safety and enhance production process safety. The Company provides mandatory OHS training and additional corporate trainings.

In 2023, the Company standardized two areas of training: induction briefing and HSE minimum training for all Company employees. Each business unit can now choose modules that match its operational profile. The updated modular briefing covers all the areas that employees need to know.

Case study

Simplifying complex subjects

The HSE team at Kuranakh showed a creative approach to the crucial task of communicating incidents to employees: all the information is given in the format of the Who Wants to Be a Millionaire game. The team creates videos that ask workers to choose the correct answer. After 10 seconds, the correct answer is displayed on the screen, and this is how people can test their knowledge in a fun and engaging way.

DRIVING SAFETY

The Company pays close attention to road safety, as one of main operation processes at Polyus' assets is the continuous haulage of rock moved.

Polyus takes measures to prevent traffic incidents and road accidents, continuously improving transportation safety and updating existing documents and processes.

CONTRACTOR MANAGEMENT

As contractors play an active part in Polyus' production processes, the Company takes a responsible approach to selecting contractors, paying special attention to their occupational health and safety practices.

The Company has rolled out its supplier safety rating across all business units to optimize contractor management. For example, if a contractor has successfully provided services at one Polyus production site without any incidents, they can be admitted to other business units under a simplified selection procedure. At the same time, contractors that violate OHS requirements are subject to penalties. Contractors may opt for preventive measures instead of paying the penalties. In this case, the contractor must report the results of the measures taken to Polyus.

In 2023, the Company rapidly grew and built new facilities, which led to an increase in the number of contractors and, consequently, a higher injury rate among them. Polyus is also strongly focused on a process promoting contractor transparency, which has improved incident reporting, leading to higher reported injury rates in the process. That said, no fatal accidents occurred among contractors.

Case study

Polyus helps contractors to improve safety

In the summer of 2023, the Company provided free OHS training for contractor employees at Kuranakh. The courses were designed to enhance industry-specific knowledge and skills and reduce the number of violations. All those who completed the training received special stickers to wear on their hard hats.

In addition, the enterprise launched a single testing portal for contractor employee certification in industrial safety. In the first three months since launch, more than 80 people have been certified.

EMERGENCY PREVENTION

All Polyus' operations have emergency response units that use advanced facilities and equipment for effective action.

No accidents were recorded at Polyus' business units during 2023. Fire safety incidents (vehicle or machinery fires, domestic or electrical fires) were promptly extinguished with no harm to human health or significant material damage.

To maintain production safety and prevent accidents, the Company pays particular attention to its tank farms, conducting inspections, identifying gaps, and setting up regular maintenance. In the reporting year, Polyus conducted two major campaigns to prepare for the spring/summer and fall/winter seasons.

The Company annually develops a plan and scenario for emergency response drills and training. In 2023, all activities were carried out according to schedule, with 294 emergency drills conducted.

Local communities

S

KEY EVENTS

- Launch of the Polyus charity foundation (Polyus Fund)
- Updated approach to sponsorship and charity
- Organization of the Nansen series of lectures jointly with the Prima media group
- Organization of the Gold of Discovery 2 expedition
- Holding the 8th Polyus Golden Season Theater Contest and the Territoryia Magadan Modern Art Festival

RUB 6.9 BLN

ALLOCATED TO SOCIAL SUPPORT ACTIVITIES[12]

25

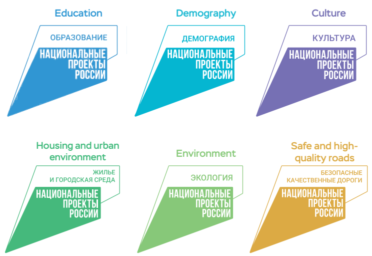
PROJECTS WON THE POLYUS FUND COMPETITION

PLANS AND THEIR IMPLEMENTATION IN 2023

Plan	Status	Summary of progress in 2023
Launch the Polyus Charity Fund	Delivered	Polyus Fund has commenced its statutory activities. The first call for applications was completed, with 25 grant winners announced. Seventeen of the funded projects have been fully delivered, and eight projects are still in progress
Hold the annual Polyus Golden Season Theater Contest	Delivered	Polyus held the 8th Polyus Golden Season Theater Contest, an annual competition of regional theater projects. The winners received grants to participate in the Territoryia Magadan Modern Art Festival
Hold the annual Territory festival of modern art	Delivered	Polyus organized the 3rd Territory Festival-School of Modern Art Polyus in Magadan. The festival included 42 events, such as performances, lectures, exhibitions, and master classes
Organize the Gold of Discovery 2 expedition in Eastern Siberia	Delivered	A team from the Degrees of Discoveries travel club, co-funded by Polyus, set off on a new expedition across Eastern Siberia to introduce a wide audience to gold mining and points of attraction in our regions of operation

UN SUSTAINABLE DEVELOPMENT GOALS

CONTRIBUTION TO RUSSIA'S NATIONAL PROJECTS



[12] $81 million at the average annual RUB/USD exchange rate of 85.25.

Local communities (continued)

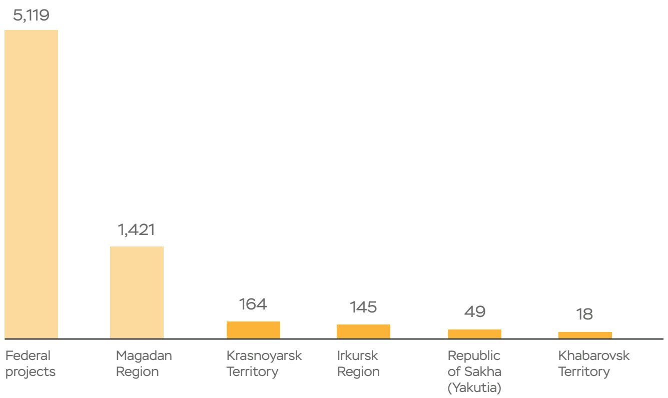
SPONSORSHIP AND CHARITY

The Company runs area improvement projects, supports cultural, art, educational, and environmental initiatives, helps vulnerable social groups, pays taxes to local budgets, provides jobs for local residents, and takes measures to improve the environmental conditions in its operating regions.

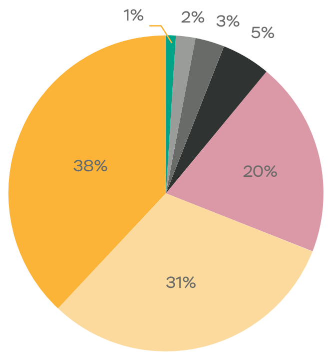
Charity and sponsorship activities include anchor regional and federal projects that have a significant impact on our regions of operation, charitable giving, employee volunteering, and various themed contests.

In the reporting year, to implement all planned social initiatives, the Company ramped up its spending on social-impact initiatives above the actual figures from previous years, almost reaching RUB 7 billion (vs. RUB 5 billion in 2022).

Social support by region, RUB mln



Expenditure on social support by category, federal and regional projects



Case study

Polyus Fund

In 2023, the Company took an innovative advanced approach to financing social-impact initiatives. The Polyus Fund charity foundation to offer, among other things, cash grants for implementing the most exciting projects and support initiatives. Polyus Fund will focus on regional development, the environment, culture, education, and volunteering.

In its first year, the grant program selected 25 winners out of 60 applicants. As of the end of 2023, 17 projects were delivered in full, and eight more were in progress. In its first year, Polyus Fund allocated a total of RUB 8.7 million for projects under two competitions.

The Company sees its first grant competitions as a success and will scale them up in 2024.

LOCAL DEVELOPMENT

For many years, Polyus has been contributing to the social, economic, and institutional development of local communities. Polyus signs long-term partnership agreements with authorities and local self-governance bodies and invests in regional infrastructure. The Company also consistently supports educational, cultural, sports, and social projects.

KEY FIGURES

182

NUMBER OF COMPLETED PROJECTS

RUB 1.8 BLN

INVESTMENTS IN REGIONAL PROJECTS

RUB 5.1 BLN

INVESTMENTS IN FEDERAL PROJECTS

Case study

Premier community center in Mayak Park

The Company continued to support the construction of the Premier cultural and community center in Magadan's Mayak Park. The multi-purpose center will improve the quality of region's cultural and social life, including by using the hall's state-of-the-art equipment to take local concerts, festivals, exhibitions, forums, and conferences to a whole new level. In the reporting year, spending on the project totaled RUB 1.1 billion.

11 SUSTAINABLE CITIES AND COMMUNITIES

Housing and urban environment
ЖИЛЬЕ И ГОРОДСКАЯ СРЕДА
НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

INDIGENOUS MINORITIES

Polyus sees indigenous people as one of its key stakeholders and is committed to an open and productive dialogue with them. Respect for the rights, cultural practices, and customs of local communities is declared in the principles of Polyus' Human Rights Policy.

As part of its efforts to preserve the culture and traditions of indigenous minorities, Polyus regularly supports projects of indigenous minorities and runs various initiatives in its regions of operation.

For more details on Polyus' engagement with indigenous minorities, see Polyus PJSC Sustainability Report 2023.

[13] Polyus Fund's official website: polyus-fund.ru

Sustainability governance

G

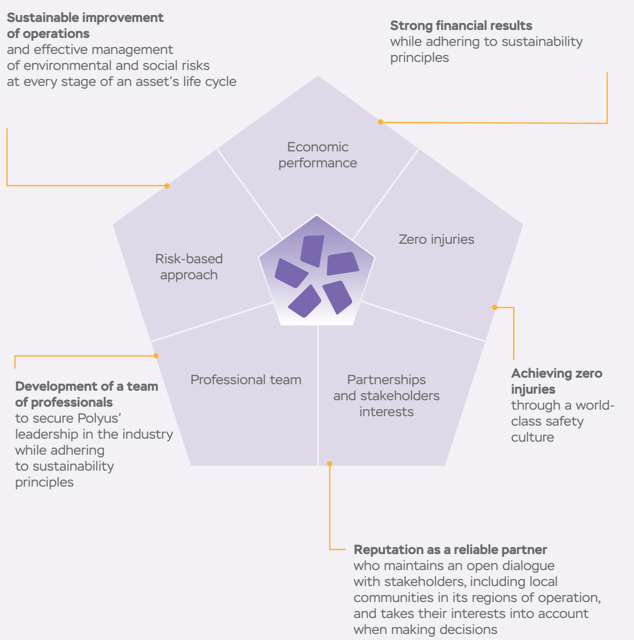
Polyus strives to prevent or mitigate the negative impacts of its activities and enhance its positive impact on the environment, people, and economy while continuously improving the efficiency of its operations. The corporate governance system and risk management measures are all aimed at contributing toward these goals.

POLYUS' KEY PRINCIPLES OF PROJECT IMPLEMENTATION AT ALL STAGES:

- compliance with national laws and international standards;
- consideration of environmental and social aspects;
- analysis of stakeholder needs; and
- integration of best practices in operations.

Polyus believes that strong long-term economic results are impossible without compliance with sustainability principles. For this reason, the Company has included sustainability goals in its strategy and is taking steps toward them.

Sustainability strategic objectives



Polyus is focused on rolling out sustainability practices across all areas of its activities. Key areas of the Company's development in 2023 include:

- improving the safety of tailings storage facilities: putting into operation the automated system for monitoring hydraulic structures at the Olimpiada mine;
- implementing the Climate Strategy: electricity consumption from renewable sources, expanding gas infrastructure to Kuranakh, and starting a climate project at the Krasnoyarsk Business Unit;
- occupational health and safety: automating incident recording, revising the HSE Risk Management Standard, and approving the updated Interaction with Contractors on Health, Safety and Environment Standard Standard; and
- support for local communities: establishing the Polyus charity foundation (Polyus Fund) and updating the list of charitable areas where we focus our financial support.

The Sustainability System Standard is Polyus key document setting out the Company's principles and approach to managing ESG issues. Developed in 2016, the document has maintained its relevance. For targeted impact management, Polyus develops and updates topic-specific policies, strategies, and standards. In 2023, the Company revised its Stakeholder Engagement Policy and developed and updated a number of health and safety standards and other documents.

For more details on the sustainability management system and sustainability risks, see Polyus PJSC 2023 Sustainability Report.

COMMITMENT TO THE UN GLOBAL COMPACT PRINCIPLES

Polyus sees participation in international and national sustainability initiatives as an important tool in increasing its contribution to the society's well-being and prosperity.

Since 2019, the Company has been a member of the UN Global Compact, an initiative that aims to promote social and environmental responsibility of business. In the same year, Polyus joined the UN Global Compact Network Russia.

In 2023, the Company took an active part in a human rights project of Network Russia, Business and Human Rights: Implementing the UN Guiding Principles on Business and Human Rights in Strategies and Practice for Russian Companies.

For more details on compliance with the principles of the UN Global Compact, see Polyus PJSC 2023 Sustainability Report.

Sustainability governance (continued)

SUSTAINABLE DEVELOPMENT GOALS

CONTRIBUTING TO THE UN SUSTAINABLE DEVELOPMENT GOALS

The Company regularly monitors its compliance with the UN Sustainable Development Goals (SDGs). Through its wide-ranging activities, Polyus aims to contribute to each of the 17 UN SDGs and has identified ten goals where its operations can make the most impact.

UN SDG 3

3 GOOD HEALTH AND WELL-BEING

Targets

3.4 Reduce premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

3.8 Achieve universal health coverage, access to quality essential healthcare services, and access to medicines and vaccines for all.

Polyus' commitments

- Closely monitor health-and-safety compliance.
- Ensure free access to medical services for employees.

Main achievements in 2023

- The safety culture level achieved in 2022 is maintained
- Plans to reduce employee sickness rates were implemented

2.6

SAFETY CULTURE ON THE BRADLEY CURVE

UN SDG 4

4 QUALITY EDUCATION

Targets

4.4 Increase the number of youth and adults who have relevant skills for employment and decent jobs.

Polyus' commitments

- Create and advance professional development opportunities for employees.
- Share our mining industry knowledge and expertise.
- Organize joint programs with schools, colleges, and universities.

Main achievements in 2023

- Unique comprehensive expertise enhancement programs for middle management were developed
- Corporate training programs for final-year students from the Siberian Federal University and Irkutsk National Research Technical University were developed

16,860

EMPLOYEES TRAINED

UN SDG 6

6 CLEAN WATER AND SANITATION

Targets

6.3 Improve water quality by reducing pollution, eliminating dumping, minimizing release of hazardous chemicals and materials, and substantially increasing recycling and safe reuse.

6.4 Increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater to address water scarcity.

Polyus' commitments

- Reduce impacts on surface water sources by decreasing the water intake volume and improving the efficiency of wastewater treatment.
- Use pit water and wastewater in closed circulation systems at most Polyus facilities.

Main achievements in 2023

- Measures to replace fresh water for production needs with pit water and improve the effectiveness of water recycling continued

93%

OF WATER RECYCLED AND REUSED

UN SDG 7

7 AFFORDABLE AND CLEAN ENERGY

Targets

7.2 Increase the share of renewable energy in the global energy mix.

7.3 Increase the global rate of improvement in energy efficiency.

Polyus' commitments

- Maintain the share of renewable energy at 100%.
- Enhance energy efficiency by improving energy infrastructure in Polyus' regions of operations.

Main achievements in 2023

- The potential implementation of a project to transition boiler facilities at Kuranakh from coal fuel to gas was explored and approved
- Energy efficiency was improved at CHP plants operated by the Krasnoyarsk Business Unit

100%

OF ELECTRICITY CONSUMED BY POLYUS COMES FROM RENEWABLE SOURCES

UN SDG 8

8 DECENT WORK AND ECONOMIC GROWTH

Targets

8.8 Protect labor rights and promote safe and secure working environments for all workers.

Polyus' commitments

- Provide employment in our regions of operation by creating high-quality jobs with decent working conditions.
- Respect labor rights and ensure a comfortable and safe working environment.
- Ensure respect for human rights in current and future projects and integrate human rights principles into all corporate processes.

Main achievements in 2023

- The approach to employee motivation and performance evaluation was revised
- Automation of incident management was underway

74.22%

OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

Sustainability governance (continued)

UN SDG 9

Targets

9.1 Develop sustainable infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all.

Polyus' commitments

- Develop and upgrade infrastructure facilities through partnership initiatives with local authorities.

Main achievements in 2023

- The Premier community center in Mayak Park is under construction
- Area improvement project is underway for the Bodaibo: Gold of the Siberian Taiga city park

UN SDG 12

Targets

12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment.

12.5 Reduce waste generation through prevention, reduction, recycling, and reuse.

Polyus' commitments

- Ensure the safe operation of tailings storage facilities and prevent emergencies and accidents.
- Increase the proportion of waste diverted from disposal.

Main achievements in 2023

- An automated system was launched for monitoring and managing hydraulic structures of tailings storage facilities
- A plastic crusher was put into operation at the Verninskoye mine

UN SDG 13

Targets

13.2 Integrate climate change measures into national policies, strategies, and planning.

Polyus' commitments

- Incorporate the national goals of the Russian Federation in mitigating climate change and achieving carbon neutrality into our strategic planning.

Main achievements in 2023

- Further progress was made on our Climate Strategy

UN SDG 15

Targets

15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests, and substantially increase afforestation and reforestation globally.

15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity, and protect and prevent the extinction of threatened species.

Polyus' commitments

- Ensure high-quality reforestation.
- Mitigate biodiversity impacts.

Main achievements in 2023

- Biodiversity risks were assessed for all operations
- Reforestation covered 399.5 ha of land
- Further progress was made on Polyus Conservation Area program

UN SDG 15

Targets

17.16 Enhance the global partnership for sustainable development to support the achievement of sustainable development goals in all countries.

Polyus' commitments

- Support national and global sustainability initiatives.
- Establish mutually beneficial relations with partners and communities.

Main achievements in 2023

- Polyus joined the Anti-corruption Charter of Russian Business
- Polyus took part in the UN Climate Change Conference (COP28)
- The Company participated in the activities of the UN Global Compact Network Russia and the National ESG Alliance

RUB 6.9 BLN
ALLOCATED TO SOCIAL SUPPORT ACTIVITIES

16%
REDUCTION IN TOTAL WASTE GENERATED VS. 2022

24%
REDUCTION IN GHG EMISSIONS INTENSITY VS. THE BASE YEAR OF THE CLIMATE STRATEGY (2020)

RUB 24.5 BLN
SPENT ON BIODIVERSITY CONSERVATION

42
FORUMS AND CONFERENCES FEATURING POLYUS SPEAKERS

Sustainability governance (continued)

CONTRIBUTION TO THE NATIONAL DEVELOPMENT GOALS OF THE RUSSIAN FEDERATION

GOAL 1.
PRESERVATION OF THE POPULATION, THE HEALTH AND WELFARE OF THE PEOPLE

Healthcare

ЗДРАВООХРАНЕНИЕ НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Polyus' contribution

- Upgrading medical rooms at production facilities;
- Development of the SmartMed project for continuous health monitoring of employees, from hiring until retirement;
- Employee health resort treatment programs.

Demography

ДЕМОГРАФИЯ НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Polyus' contribution

- Supporting vulnerable social groups, especially children and the elderly.

GOAL 2.
CONDITIONS FOR SELF-FULFILLMENT AND THE UNLOCKING OF TALENT

Education

ОБРАЗОВАНИЕ НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Polyus' contribution

- Additional educational programs for school students;
- Investing in equipping and renovating schools.

Science and universities

НАУКА И УНИВЕРСИТЕТЫ НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Polyus' contribution

- Cooperating with universities and colleges, implementing joint educational programs;
- Student internships.

Culture

КУЛЬТУРА НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Polyus' contribution

- Supporting the national theater school;
- Running cultural and educational projects;
- Preserving historical and cultural heritage of the regions of operation by organizing and holding exhibitions and festivals, including for indigenous minorities;
- Partnering with museums.

For more details on the Company's contribution to national goals and its progress on national projects, see Polyus PJSC 2023 Sustainability Report.

GOAL 3.
COMFORTABLE AND SAFE ENVIRONMENT

Safe and high-quality roads

БЕЗОПАСНЫЕ КАЧЕСТВЕННЫЕ ДОРОГИ НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Polyus' contribution

- Developing the SmartDrive project to improve road safety;
- Deploying a system for monitoring road conditions and a visual safety system;
- Repairing roads, upgrading regional roads and bridge crossings.

Housing and urban environment

ЖИЛЬЕ И ГОРОДСКАЯ СРЕДА НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Polyus' contribution

- Facilitating local area improvements and creating a comfortable urban environment for local communities in the regions of operations.

Environment

ЭКОЛОГИЯ НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Polyus' contribution

- Taking measures to reduce energy consumption and climate change impact in line with Polyus' Climate Strategy;
- Establishing a Company-wide waste management function;
- Implementing Polyus Conservation Area, biodiversity conservation program.

GOAL 4.
DECENT AND EFFECTIVE JOBS AND SUCCESSFUL ENTERPRISE

Labor efficiency

ПРОИЗВОДИТЕЛЬНОСТЬ ТРУДА НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Polyus' contribution

- Increasing labor productivity through employee motivation and automation of operations;
- Employee development and training programs.

Small and medium-sized businesses

МАЛОЕ И СРЕДНЕЕ ПРЕДПРИНИМАТЕЛЬСТВО НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Polyus' contribution

- Procurement from small and medium-sized enterprises in the Company's regions of operation.

GOAL 5.
DIGITAL TRANSFORMATION

Digital economy

ЦИФРОВАЯ ЭКОНОМИКА НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Polyus' contribution

- Embedding data-driven decision making into management processes;
- Developing and deploying proprietary IT products;
- Automating and digitizing core business activities.

Sustainability governance (continued)

EXTERNAL INITIATIVES

POLYUS IN 2023 ESG RATINGS

SUSTAINALYTICS

- ESG Risk Rating: 30.4, high risk, August 2023
- (100 is the highest risk, 0 is the lowest)

30.4 points

RAEX

- AA score, 84.8 points out of 100 (up from 78 in 2022)
- First place in the themed rankings Top 20 Companies That Show the Most Concern for Biodiversity Conservation and Top 50 Companies That Show the Most Concern for Their Direct Climate Impact

AA

MOSCOW EXCHANGE – RSPP

- Group A of the Sustainability Vector Index for the second year in a row
- Group B+ of the Responsibility and Transparency Index affirmed

A, B+

THE NATURE BENCHMARK

- 34.2 points
- 21st out of 389 companies in the ranking
- 8th out of 97 companies from the industry

34.2 points

ESG INDEX OF RBC AND NCR

High Score (460–800 points) – maintaining the 2022 score

High Score

AK&M

RESG 1 score, 98.8 points (up from 84.2 in 2022)

98.8 points

EXPERT RA

ESG-II(b) – a very high level of compliance with sustainability goals in making decisions (maintaining the 2022 score)

ESG-II(b)

ACRA

ESG-2 rating score, ESG-B category – a very high ESG score (maintaining the 2022 score)

ESG-2

FORBES

Platinum status in the Forbes Best Employers ranking for Russia

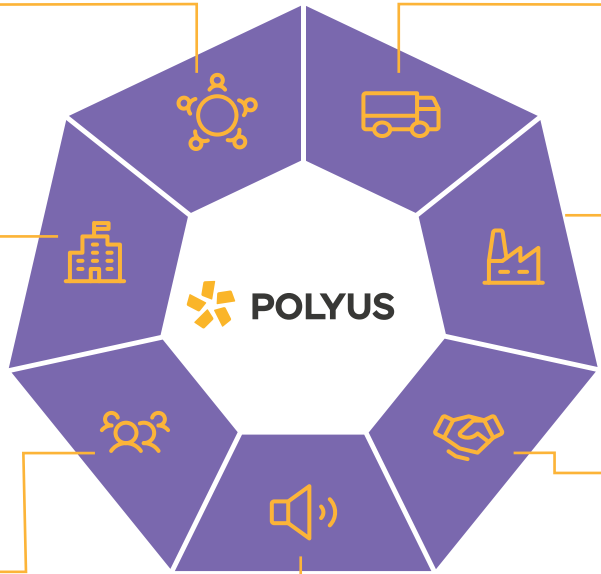
Platinum status

Polyus believes that cooperation and collaboration are crucial for achieving common goals as well as the Company's strategic objectives. To promote the sustainability agenda at the national level, maintain an ongoing dialogue with Russian business leaders, and share best practices and experience, Polyus participates in industry and professional community initiatives.

Sustainability governance (continued)

STAKEHOLDER ENGAGEMENT

Polyus' stakeholder engagement is based on the principles of equality, transparency, openness, and willingness to cooperate. The Company's stakeholders are any person or group of persons who can influence, are influenced by, or believe they are influenced by Polyus' decisions or activities. For more systematic and productive collaboration, the Company has identified key stakeholder groups and established their expectations and appropriate engagement mechanisms.



Shareholders, lenders, and bondholders

Value of engagement
- Generate value for our shareholders and remain attractive for institutional investors

Key concerns
- Creating long-term value by delivering consistently strong financial performance

Key events in 2023
- Engagement with rating providers: Sustainalytics, RAEX, Expert RA, ACRA, etc.

Engagement channels
- Annual general meetings of shareholders
- Regular communication with institutional and retail shareholders
- Regular hard-copy and e-communications
- Newsletters
- The Company website

Government and regulators

Value of engagement
- Comply with regulatory requirements and obtain the required permits, grants, and licenses

Key concerns
- Legislative and regulatory compliance
- Environmental and social performance, fiscal regimes

Key events in 2023
- Cooperation agreements were signed with the Government of Magadan Region and the Bodaibo District Administration of Irkutsk Region
- Participation in the St. Petersburg International Economic Forum, Eastern Economic Forum, and Krasnoyarsk Economic Forum

Engagement channels
- Reporting
- Agreements on social and economic partnerships
- Charity and sponsorship initiatives
- Conferences and forums
- Hotline
- The Company website

Local and indigenous communities

Value of engagement
- Meet the expectations of our stakeholders about Polyus' key projects and support and develop local communities

Key concerns
- Environmental and social impacts at the regional level
- Employment opportunities
- Infrastructure development
- Preserving cultural diversity

Key events in 2023
- Holding the 8th Polyus Golden Season Theater Contest and the Territoriya Magadan Modern Art Festival
- Organization of the Ikenipke festival

Engagement channels
- Public meetings, including public consultations
- Charity activities
- Social programs
- Newsletters and targeted communications
- Hotline
- The Company website
- Social media

Media

Value of engagement
- Increase awareness of the Company's activities

Key concerns
- Broad range of issues reflecting all stakeholder interests

Key events in 2023
- Maintaining the Company's Telegram channel and VK community

Engagement channels
- Media tours and participation in events
- Press releases and media briefings
- Presentations and interviews
- Responses to requests in the form of comments
- Hotline

Suppliers

Value of engagement
- Create ESG-compliant sustainable supply chains

Key concerns
- Supply agreements
- Payment processes
- Transparency in supplier selection

Key events in 2023
- In-person Q&As

Engagement channels
- Contractual relationships
- Workshops and conferences
- Tenders
- Dispute Settlement Committee
- Technical audits and inspections
- Hotline
- The Company website

NGOs and industry organizations

Value of engagement
- Maintain partnerships and engage with experts from various fields. Strengthen in-house expertise in the external environment

Key concerns
- Social and environmental impacts from operations
- Mitigating non-financial risks
- Industry-specific issues

Key events in 2023
- Participating in committee activities of the National ESG Alliance
- Joining the Anti-corruption Charter of Russian Business

Engagement channels
- Participation in committees and working groups of industry and expert organizations
- Site visits and participation in Company events
- Regular interactions with competent national and international organizations
- Hotline
- The Company website

Employees and contractors

Value of engagement
- Achieve strong operational results while offering safe and decent working conditions and improving loyalty

Key concerns
- Occupational health and safety
- Working conditions, wages, benefits, and social packages
- Career opportunities
- Training and education

Key events in 2023
- Direct Line online meetings with top management for employees

Engagement channels
- Contractual relationships
- Direct Line online meetings with the Company's management
- Corporate sporting and cultural events, professional competitions
- Volunteer projects
- Territory of Polyus corporate newspaper
- Intranet portal
- Newsletters
- Hotline
- Employee surveys and questionnaires
- Direct communications between employees and supervisors and management
- Social media

Ethics, anti-corruption, and human rights

G

KEY EVENTS

- Anti-corruption information systems were partially switched to in-house and Russian solutions
- Training of employees in human rights and anti-corruption continued

PLANS AND THEIR IMPLEMENTATION IN 2023

Plan	Status	Summary of progress in 2023
Join the Anti-corruption Charter of Russian Business	Implemented	The Company was included in the Charter's register in November 2023
Improve the anti-corruption training course	Implemented	Case studies were added to the course. Closer monitoring was set up to ensure employees complete both the distance learning course and in-person training sessions
Further enhance the employee motivation system to encourage the reporting of potential corruption	Implemented	Incentives for persons contributing to corruption prevention were introduced
Develop instructions on what to do if in the event of corruption risks	On track	Instructions for employees on the right responses to corruption and fraud are being developed
Increase the scope of human rights training for employees	Implemented	Training was provided for new employees and those who had been assigned but did not take it in 2022

zero
INCIDENTS OF DISCRIMINATION

1
CASE OF CORRUPTION DETECTED AND PREVENTED

1,029
EMPLOYEES RECEIVED ANTI-CORRUPTION TRAINING

181
EMPLOYEES RECEIVED HUMAN RIGHTS TRAINING

UN SUSTAINABLE DEVELOPMENT GOALS

17 PARTNERSHIPS FOR THE GOALS

Ethics, anti-corruption, and human rights (continued)

Polyus' activities are guided by high ethical standards and aligned with best practices from leading Russian and foreign companies. The Company upholds responsible business principles and builds open long-term relationships with its employees, shareholders, counterparties, and other stakeholders.

Our responsible business principles:

- zero tolerance for corruption and bribery;
- openness and transparency;
- respect for the rights of all our stakeholders.

Corporate values

ETHICS AND ANTI-CORRUPTION

In the reporting period, Polyus did not record any cases of corruption leading to monetary or other penalties for the Company. There were no legal proceedings against the Company or its employees related to corruption activities or fraud.

The Company's business partners are expected to comply with the Supplier Code of Conduct. This includes demonstrating business integrity and ethics, no involvement in illegal activities, compliance with adopted policies and legal requirements, and providing regular employee ethics and anti-corruption training.

In its activities, Polyus adheres to anti-trust principles, follows fair competition practices, and complies with all applicable laws in this area. In the reporting period, the Company had no pending claims for violation of anti-trust laws against it, nor were there any completed litigations arising from anti-trust behavior or violation of anti-trust laws.

HUMAN RIGHTS

Polyus believes that respect for human rights must be integral to the Company's activities and therefore guarantees all employees official employment, comfortable working conditions, and opportunities for career growth. Polyus has zero tolerance for discrimination on any grounds or the use of forced and child labor in its activities. All HR decisions are based solely on employees' expertise, experience, and skills.

To build a sustainable supply chain, human rights requirements also apply to the Company's business partners.

Polyus has identified human rights risks and prioritized them at the corporate level. The Company has developed a dedicated human rights risk data sheet. In 2023, thanks to the efforts taken and the re-assessment of human rights risks, the overall risk score was reduced.

Case study

Publication of the report Human Rights: Theory and Practice

In 2023, Polyus released Human Rights: Theory and Practice, a themed report detailing the Company's efforts to observe and protect human rights that provides stakeholders with a complete picture of the Company's performance in this area.

The Company has declared its commitment to creating decent working conditions, ensuring equal treatment for equal work and equal contribution, speaking out against discrimination, etc. In its regular activities, Polyus follows international standards, such as the UN Guiding Principles on Business and Human Rights.

The report also discloses the Company's human rights due diligence process, which is aimed at mitigating risks and minimizing negative impacts on human rights across its entire value chain.

The Company has identified specific human rights risks and mitigating actions to minimize these risks and prevent them from occurring.

MECHANISMS FOR HANDLING ETHICS AND HUMAN RIGHTS GRIEVANCES

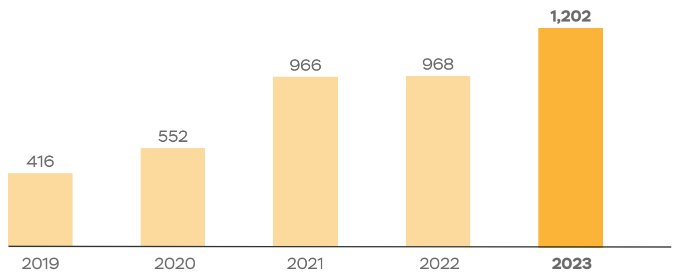
Polyus Hotline and Security Line are the two components of its grievance mechanism. The Company guarantees that reports are processed confidentially and that no report goes unnoticed.

Grievance mechanism at Polyus

Polyus Hotline	Security Line
· A wide range of matters reflecting all stakeholder interests: information queries, career opportunities, social and working aspects, etc. · Ethics and human rights	· Cases of corruption and fraud · Corporate conflicts · Embezzlement

There were no reports of critical issues in 2023, and no incidents of discrimination were recorded.

Number of reports



Economic performance and information technology

G

KEY EVENTS

- Agreements were signed with the Government of Magadan Region and the Administration of Bodaibo and the Bodaibinsky District of Irkutsk Region
- A production electronic document management system was launched
- TORO and Refueler mobile apps were implemented
- An ERP system was rolled out at Kuranakh and Sukhoi Log
- Start AWR, a cybersecurity continuous learning platform, was introduced
- Systems were implemented to protect e-mails and the corporate network
- Russian software was phased in to replace previous incident detection tools
- A critical information protection system was created

PLANS AND THEIR IMPLEMENTATION IN 2023

Plan	Status	Summary of progress in 2023
Take the initial steps to switch to Russian software solutions	Implemented	The TORO and Refueler mobile apps went live
Continue rolling out proprietary IT products and services	Implemented	Four new modules of the production document management system were developed, new services were launched in the employee personal account, and the IS Candidate system was developed

Polyus signed agreements on social and economic partnerships in all regions where it operates. All its mining business units have community engagement programs in place. In 2023, Polyus signed two agreements: a new agreement on social and economic cooperation with the Government of Magadan Region and a supplementary agreement on cooperation with the Bodaibo Administration and District. All other agreements that were in effect in 2022 remained valid.

Under the agreements, in the reporting year, the Company continued financing infrastructure facilities for regional development, educational and cultural initiatives, etc.

RUB 541 MLN

TOTAL R&D EXPENSES

13,963

EXTERNAL MALWARE ATTACKS REPELLED

2

AGREEMENTS ON SOCIAL AND ECONOMIC COOPERATION SIGNED WITH THE AUTHORITIES

UN SUSTAINABLE DEVELOPMENT GOALS

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

CONTRIBUTION TO RUSSIA'S NATIONAL PROJECTS

Housing and urban environment

Digital economy

Economic performance and information technology (continued)

DRIVING OPERATIONAL EFFICIENCY THROUGH DIGITALIZATION

Digitalization is a key area of the Company's strategic development. Digital transformation reduces operational risks, costs, and technical losses.

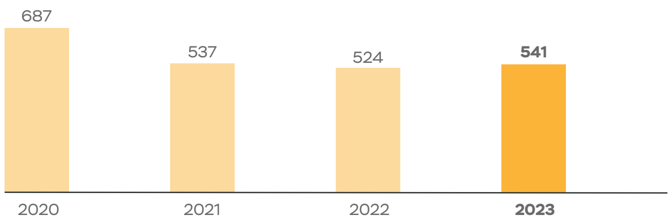
The Company constantly examines digitalization trends and how to adapt them to match its needs. For this purpose, Polyus Digital was established in 2022 to develop products with its own resources, accelerating software delivery and reducing dependence on third-party vendors.

Polyus continued to roll out ERP systems across its business units. For example, the Company completed the full deployment of ERP systems at Kuranakh and Sukhoi Log, creating a shared information space across seven Polyus operations to integrate business processes and data flows.

In 2023, the Company integrated a new production electronic document management system into its production processes, enabling the use of electronic signatures at remote locations. Another newly developed system was IS Candidate, comprising functionalities to invite, register, and authorize candidates and run checks on them before hiring.

In 2023, Polyus replaced the functionalities provided by foreign digital services that were discontinued in the Russian market.

Total R&D expenses, RUB mln



Case study

Polyus chatbot and virtual assistant

In 2023, the Company continued to actively enhance the Polyus chatbot and the Polina voice assistant. The aim of these information systems is to streamline the amount of labor employed at the Shared Service Center (SSC).

The digital assistant was initially designed to handle requests across a range of topics, such as equipment repairs, replacing consumables, or setting up a workstation. During 2023, its functionality was expanded to cover other areas, in particular the electronic document management system and the employee personal account. The smart voice assistant has accelerated the registration and processing of requests, thus enabling faster turnaround times. Artificial intelligence algorithms are being integrated to handle questions in the chatbot, helping employees to obtain information easier and faster.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Digital economy

ЦИФРОВАЯ ЭКОНОМИКА НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

INFORMATION SECURITY

Information security is an important strategic and operational aspect for the Company. In the corporate risk register, information security risks are the most critical. Polyus successfully uses an information security management system and takes measures to ensure timely threat detection and prevention in cyberspace.

An external information security audit is conducted annually at the Company. In addition, Polyus regularly runs internal audits to check software and code security. In 2023, Polyus successfully passed all relevant audits.

To comply with applicable Russian laws, the Company started internal personal data protection audits of its mining operations and professional services in 2023. No incidents of personal data leakage or related complaints were recorded at Polyus in 2023.

2023 highlights

In the reporting period, almost 14,000 external malware and social engineering attacks were repelled, and 267 information security breaches were detected. Most of the detected incidents involved malware infection, both through visiting malicious websites and through phishing attacks.

In addition, there were attempts to hack into information systems (accounts) of contractor organizations. The number of incidents detected in 2023 decreased 2.5 fold from 2022. All breaches and threats were eliminated within a set timeframe.

Case study

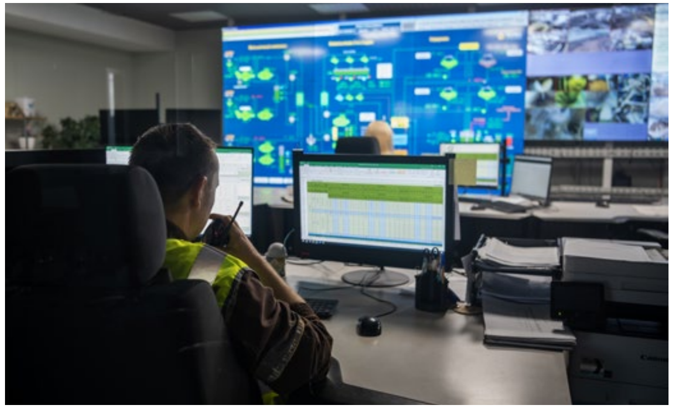
Automating cybersecurity management

The Company's high level of IT security automation was recognized in the Project of the Year 2022 competition. Polyus' project for automating and enhancing the information security incident management process using the SOAR solution by R-Vision won the competition held by Global CIO, a community of Russian IT directors.

The solution automated the existing information security incident management process and enabled 26 unique response scenarios. In addition to freeing up the human resources of the relevant department, the project provided a shared collaboration space for a team geographically distributed across five regions of Russia and delivered convenient tools to automatically generate statistics, analytics, and management reports. These measures have increased the overall cybersecurity maturity and halved incident response times.

In 2023, Polyus successfully deployed a range of systems to protect its e-mail traffic and the corporate network. The Company also improved its antivirus system and continued to deploy a system to counter targeted attacks.

Another focus area involved further efforts to create a system to protect critical information systems, powered entirely by Russian-made software. In 2023, Russian software was phased in to replace previous incident detection tools.



Responsible supply chain

G

KEY EVENTS

- The Procedure for Interaction between Business Units When Purchasing Inventory Using the Marketplace Service was adopted

12%

PROPORTION OF SPENDING ON LOCAL SUPPLIERS IN THE REGIONS OF OPERATION

30%

PROPORTION OF SPENDING ON RUSSIAN SMES

PLANS AND THEIR IMPLEMENTATION IN 2023

Plan	Status	Summary of progress in 2023
Continue the program to expand cooperation with national suppliers and the effort to redesign the supply chain	**Implemented**	Testing results were obtained for Russian-made alternatives of machinery, spare parts, and equipment for ore mining and processing
Further integrate ESG principles into the supply chain	**Implemented**	ESG compliance self-assessment questionnaires were collected from counterparties

Polyus strives to build long-term relationships with suppliers and prefers direct cooperation with manufacturers of materials and equipment.

The Company mainly purchases raw materials and equipment used in end-product production. The Company's total supplier count was 2,343 in 2023.

Polyus understands that the operations of companies in its supply chain may have a negative impact on the environment and people, including human rights, and therefore gives priority to responsible suppliers to minimize these risks.

Polyus publishes tender notices to procure the necessary spare parts, materials, and other goods and services on the dedicated section of its website. In 2023, the Company adopted the Procedure for Interaction between Business Units When Purchasing Inventory Through the Marketplace Service to source inventories for tailings management. The key advantage provided by the marketplace service is that tenders are not required for tailings management inventory, as it can be purchased directly through the Marketplace.

UN SUSTAINABLE DEVELOPMENT GOALS

8 DECENT WORK AND ECONOMIC GROWTH

CONTRIBUTION TO RUSSIA'S NATIONAL PROJECTS

Small and medium-sized businesses

МАЛОЕ И СРЕДНЕЕ ПРЕДПРИНИМАТЕЛЬСТВО

НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Responsible supply chain (continued)

RESPONSIBLE SOURCING

Polyus expects its business partners to consistently integrate the following principles of sustainable business development into their operations:

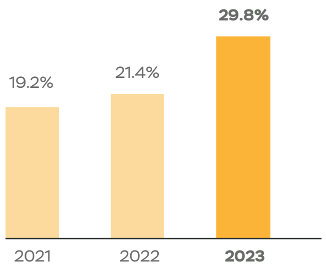
- Environmental responsibility;
- Working conditions and human rights;
- Health and safety;
- Business ethics, compliance, and information protection;
- Procurement policy for own suppliers;
- Social responsibility.

When selecting suppliers and contractors, Polyus invites potential business partners to complete a self-assessment questionnaire to check their ESG compliance. If a counterparty fails to comply with Polyus' rules and eliminate breaches of the responsible supply principles, the Company reserves the right to reconsider contracting them.

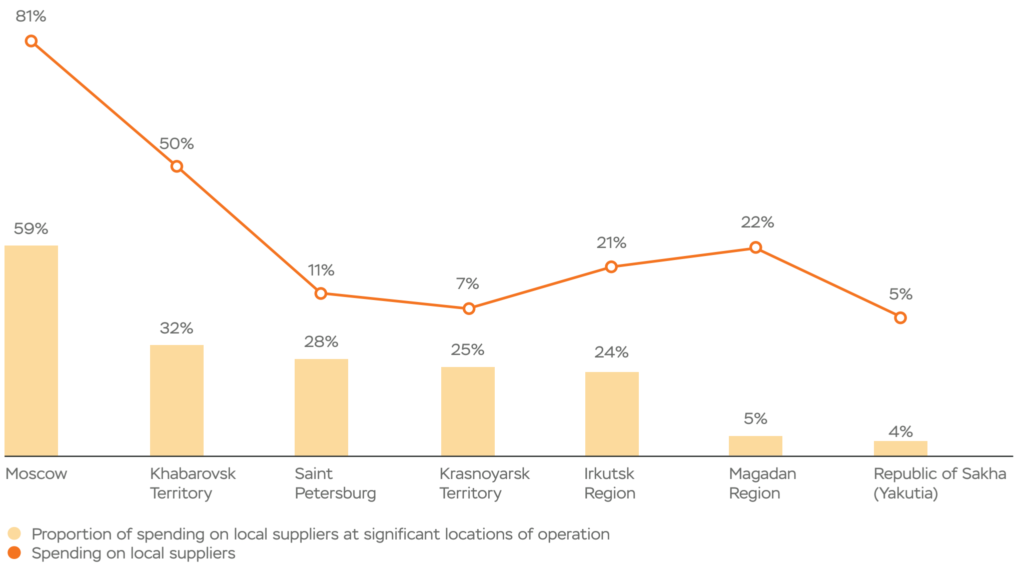
Polyus offers suppliers assistance by collaborating with them on developing an action program to eliminate negative impacts.

Polyus builds its supply chain in accordance with ESG principles, taking into account the climate aspect. The Company is committed to reducing the carbon footprint of its products to achieve zero emissions by 2050. Polyus regularly assesses its non-energy indirect (Scope 3) GHG emissions.

Proportion of spending on goods, works, and services of SMEs in total procurement from Russian organizations, %



Proportion of total procurement spending on local suppliers by region, %



Case study

Partnerships to manufacture Russian alternatives of mining equipment

In 2023, through partnerships with Russian companies, Polyus continued efforts to launch the production of alternatives for machinery, spare parts, and equipment for ore mining and processing. The Company has finished testing domestic alternatives of filter elements, hydraulic jacks, radiators, components of drilling and mining transport equipment drives, gravity concentrators and their main assemblies, a centrifugal concentrator rotor, a flotation cell air sparger, shut-off and control valves, components of sludge pumps, and screening sieves. In the reporting period, prototypes were tested in the laboratory and in the field. Based on the testing results, the equipment was either cleared for mass adoption at Polyus' operations or sent for further development.

The key advantage of domestic producers over foreign ones is their proximity to the Company's regions of operation. Polyus leverages this geographic advantage to promptly communicate with partners during equipment manufacturing and testing.

8 DECENT WORK AND ECONOMIC GROWTH

Corporate governance system

Polyus PJSC's corporate governance model ensures a proper balance between the interests of the Company's corporate governance participants that boosts business performance, supports its strategic and operational goals and increases shareholder value.

Polyus is constantly improving its governance approaches and principles to ensure they are relevant and align with its goals and evolve with the changing needs of the Company's growing business.

The Company strives to consider the interests not only of shareholders and investors but also of other stakeholders through 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 and promptly respond to most challenges and ensure sustained growth across the Group.

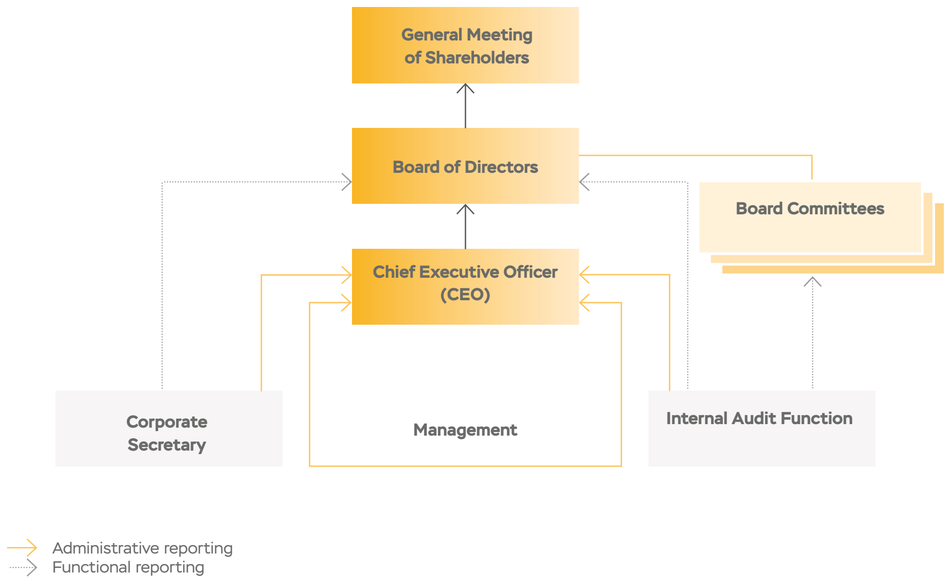
Most approaches to managing the Company and its key business processes are governed by the documents and policies implemented to formalize existing relations, taking into account the experience gained and eliminating identified gaps. The Company regularly monitors the relevance of its adopted policies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

In the reporting year, the Company's corporate governance model was adjusted to reflect changes to the regulatory framework governing public joint stock companies and the Russian stock market during 2022 and 2023, including:

- changes (restrictions) to issuer disclosure rules for both financial and non-financial data along with regulations regarding the use of insider information and other disclosures;
- amendments to the procedure for organizing and holding General Meetings of Shareholders;
- changes to approaches on the election and activities of boards of directors and the board committees of joint stock companies;
- changes (restrictions) to the procedure for trading in issuers' securities, including depositary receipts and bonds admitted to trading on foreign stock exchanges;
- changes to payment procedures for the distribution of profit and dividend payments by Russian business entities;
- changes to the scope and procedure for exercising shareholders' rights subject to their status and place of registration; and
- changes to the procedure for dealings in shares and ownership stakes in business entities as outlined by executive orders of the Russian President and resolutions of the Russian Government.

The key priority of the Company's corporate governance system under the new environment is to ensure operational continuity, meet its obligations to Group employees, fully comply with applicable Russian laws and protect and enhance shareholder value.

Elements of the Polyus PJSC corporate governance system



STAKEHOLDERS

- Shareholders, investors, creditors
- Employees
- Local communities
- Authorities
- Suppliers and customers
- Educational institutions
- Media
- Other stakeholders

POLICIES AND PROCEDURES

- Charter
- Regulations on governing bodies
- Policies governing core activities and business processes
- Codes
- Other internal documents

Corporate governance system (continued)

Key developments regarding the Company's corporate governance in 2023

January

There were no key corporate developments

FEBRUARY

02 Approval of Polyus Group's Business Plan for 2023

14 Payments on Polyus Finance Plc Eurobonds, fully redeemed in 2023

17 Placement of Polyus PJSC exchange-traded bonds (RUB 20 bln)

21 Publication of Polyus Group's trading update for 2H and FY 2022

MARCH

15 Publication of Polyus Group's financial results for 2022

APRIL

28 Convocation of the 2022 AGM

Recommendations of the Board of Directors regarding profit distribution and dividend payment for 2022

28 Publication of Poluys PJSC Annual Review 2022

MAY

19 Publication of decisions by the US, UK and Australian governments to impose sanctions against Polyus PJSC and its subsidiaries

30 Approval and publication of Polyus PJSC Sustainability Report 2022

JUNE

06 Adjournment of the 2022 AGM due to a lack of quorum and reconvening the 2022 AGM

06 Amendments to the recommendations of the Board of Directors regarding profit distribution and dividend payment for 2022 (in the context of sanctions imposed on the Company)

14 Discontinuation of the Company's information disclosure via UK providers

22 Decision to terminate the GDR and ADR programs of Polyus PJSC and delist GDRs and ADRs from LSE

JULY

07 Reconvened 2022 AGM, election of a new Board of Directors

07 Election of the Chair of the Board and Board Committees

10 The Board of Directors authorized a program to repurchase up to 40,802,741 of Company shares (29.99% of its share capital) through its subsidiary, Polyus Krasnoyarsk JSC

25 Termination of the GDR and ADR programs of Polyus PJSC and delisting of GDRs and ADRs from LSE

26 Polyus Krasnoyarsk JSC terminated the tender offer for Polyus PJSC's share repurchase program

AUGUST

29 Publication of Polyus Group's trading update and financial results for 1H 2023

SEPTEMBER

29 Polyus PJSC Corporate Secretary change

OCTOBER

There were no key corporate developments

NOVEMBER

There were no key corporate developments

DECEMBER

There were no key corporate developments

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 Federal Law #208-FZ On Joint Stock Companies, dated 26 December 1995 and the Company's Charter, which is based on applicable laws and key guidance from best practice in corporate governance.

Participants to 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 the Board of Directors;
- appointment of the auditor;
- approval of the Annual Report[1]; and
- distribution of profits (including dividend payments (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.

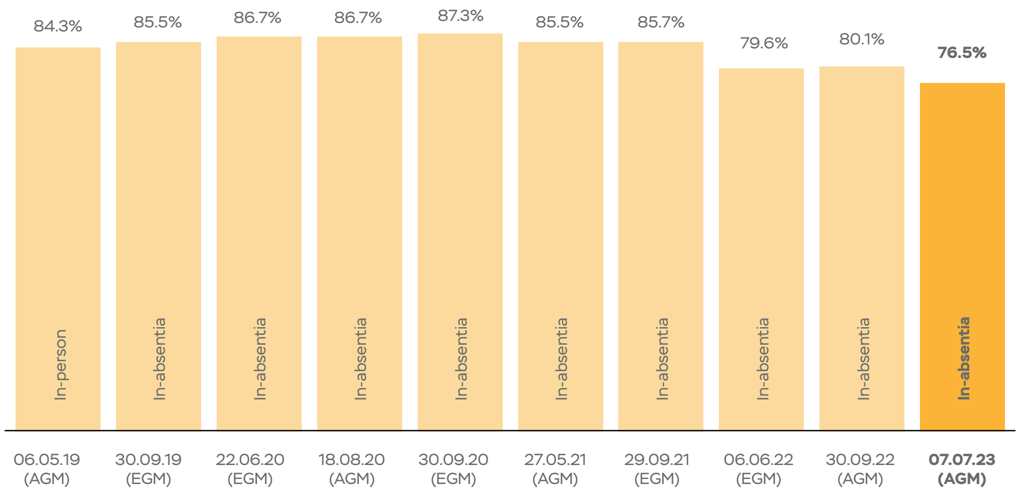
General Meetings of Shareholders other than the annual (ordinary) shareholders' meeting are referred to as Extraordinary General Meetings of Shareholders. An Extraordinary General Meeting of Shareholders is convened by decision of the Board of Directors of Polyus PJSC on its own initiative, upon request 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:

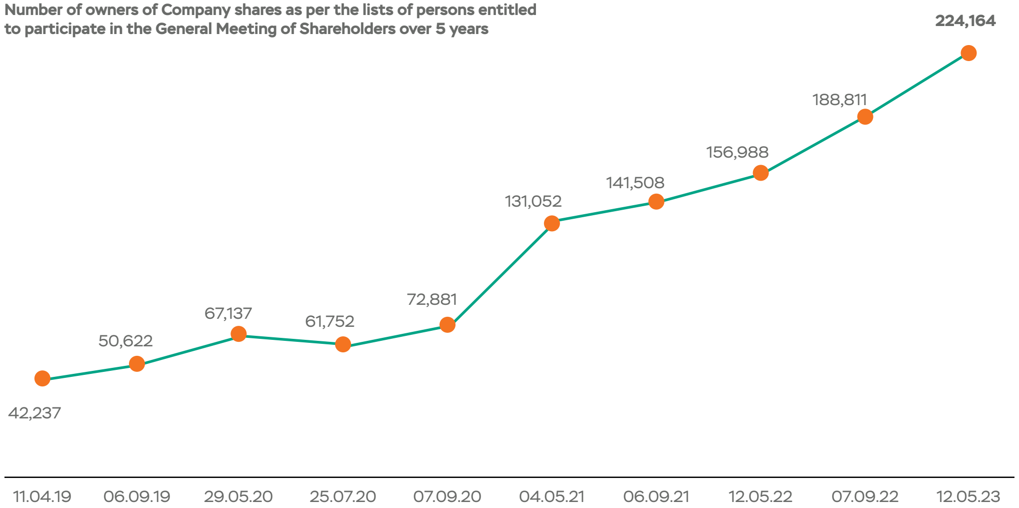
- providing information (materials) in advance (at least 21 days prior to the date of the Meeting) on the Company website for shareholders to prepare for the Meetings;
- communicating to shareholders the Board's recommendations and position on key matters to be reviewed by the Meeting;
- publishing corporate action notices and resolutions passed by the Meetings on the Company website and other information portals (subject to current restrictions); and
- 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.

As a result of changes made in 2023 to federal legislation concerning procedures for general meetings of shareholders and in line with the common practice used by most public companies in the previous reporting year, the Annual General Meeting of Shareholders of Polyus PJSC was held in absentia. In addition, the Company took necessary steps to ensure that its shareholders were fully informed in a timely manner of matters considered by the Meeting and the resolutions passed (including by publishing relevant information on the Company website and on the Company's designated page on the website of the information agency authorized by the Bank of Russia to disclose information about securities and other financial instruments, namely Interfax-TsRKI (Interfax Center for Corporate Information Disclosure)).

Quorum at General Meeting of Shareholders over 5 years (from 2019 to 2023)



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



[1] 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). The annual accounting (financial) statements are also made available for review by shareholders as part of the materials for the Annual General Meeting of Shareholders.

General Meeting of Shareholders (continued)

In 2023, two General Meetings of Shareholders were convened:

The Annual General Meeting of Shareholders scheduled for 6 June 2023 (in absentia) was adjourned due to a lack of quorum.

The reconvened Annual General Meeting of Shareholders was held on 7 July 2023 (in absentia) to pass resolutions on the following matters:

- approval of Polyus PJSC Annual Review 2022;
- distribution of profits and losses of Polyus PJSC for 2022, including payment of a final dividend for 2022 on Polyus PJSC shares;
- election of members to the Board of Directors of Polyus PJSC;
- approval of a new version of the Regulations on Remuneration and Compensation for Members of the Board of Directors of Polyus PJSC; and
- appointment of the auditor of Polyus PJSC.

Results of the reconvened Annual General Meeting of Shareholders (7 July 2023)

Results of the reconvened Annual General Meeting of Shareholders (7 July 2023)	Approval of the Annual Review 2022	Profit distribution and dividend payment for 2022	Election of the Board of Directors	Approval of the Regulations on Remuneration and Compensation for Members of the Board of Directors of Polyus PJSC	Approval of the auditor
IN FAVOR	99.96%	99.81%	Voting on candidates by roll call	99.85%	99.93%
Against	0.01%	0.16%		0.07%	0.01%
Abstentions	0.03%	0.03%		0.08%	0.06%
Resolutions passed	Approve the Annual Review 2022	· Approve the proposed profit distribution · No dividend to be declared or paid	Elect the proposed candidates to the Board of Directors (nine members of the Board of Directors)	Approve a new version of the Regulations on Remuneration and Compensation for Members of the Board of Directors of Polyus PJSC	Approve FinExpertiza LLC as the auditor for the RAS financial statements and Business Solutions and Technologies JSC as the auditor of the Company's IFRS consolidated financial statements for 2023

Board of Directors

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 business, except for those reserved to the General Meeting of Shareholders by applicable laws or the Company's Charter.

ROLES OF THE BOARD

The Board's key role is to create and increase the Company's shareholder value through professional management of the Company. The Board is accountable to shareholders for ensuring the Company's success. The Board is also responsible to shareholders for the Company's long-term performance. The Board of Directors considers matters related to strategic planning, determining acceptable risk levels (which includes establishing a framework of controls so that risks can be assessed and managed), establishing the Company's values and standards, ensuring adequate governance, promoting ethical behavior standards in commercial activity, compliance of the Company's activities with the Health and Safety Policy, Environmental Policy, Stakeholder Engagement Policy, Policy on Charity, Donations and Sponsorship, the Code of Corporate Conduct, other internal documents, as well as other matters.

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

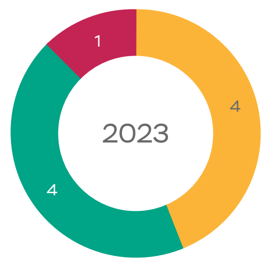
COMPOSITION OF THE BOARD

In accordance with the Charter, the Company's Board of Directors consists of nine members. 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 its operations, management specifics and industry best practice of setting up the proceedings of the boards of directors at mining companies.

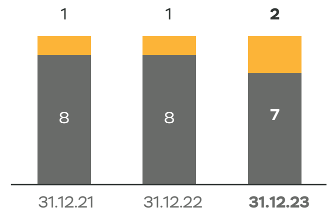
During the reporting period, Polyus PJSC was directed by the outgoing and the new Board of Directors of Polyus PJSC:

- the outgoing Board of Directors comprised nine members elected by the Annual General Meeting of Shareholders of Polyus PJSC on 30 September 2022 (term of office: from 30 September 2022 to 7 July 2023);
- the new Board of Directors comprised nine members elected by the reconvened Annual General Meeting of Shareholders of Polyus PJSC on 7 July 2023 (term of office: from 7 July 2023).

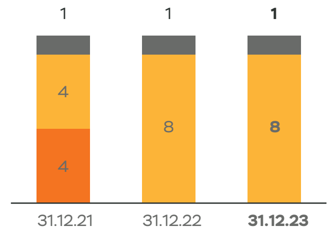
Age groups of Board members



Gender diversity



Categories of Board members



Skills and competencies of the Company's Board of Directors:

Board member	Status	Strategy and development	Industry expertise	Finance and audit	HR	IT	ESG	Law and M&A
Director 1	Chair of the Board	■	■	■	■		■	■
Director 2	Board member	■	■	■	■		■	■
Director 3	Board member	■	■		■			■
Director 4	Board member	■	■	■			■	■
Director 5	Board member	■	■	■			■	
Director 6	Board member	■	■	■			■	■
Director 7	Board member	■	■	■				
Director 8	Board member	■	■			■		
Director 9	Board member	■	■		■		■	

Board of Directors (continued)

CHAIR OF THE BOARD

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 corporate governance practices;
- ensuring the effectiveness of the activities of the Board Committees;
- 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 a framework set by the Company's policies and internal documents, including in matters related to corporate reporting, risk management and implementation of internal control principles and engaging with Polyus' auditors.

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

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

In 2023, Board members met frequently in compliance with the formal schedule of matters reserved to the Board to duly discharge their duties in the best interests of the Company. In 2023, the Board of Directors met 21 times and reviewed a total of 44 matters.

The principal matters reviewed by the Board in 2023 included:

- convening and holding General Meetings of Shareholders;
- termination of the Company's American Depositary Receipt ("ADR") and Global Depositary Receipt ("GDR") programs and delisting of ADRs and GDRs from the London Stock Exchange;
- matters pertaining to Company bond issuance and trading;
- buyback of Company shares;
- approval of transactions and review of significant projects; and
- performance and reporting review.

BOARD COMMITTEES

Board Committees are established to assist the Board of Directors in effectively carrying out its responsibilities by previewing 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, as well as Committee 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 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 allows extra attention to be paid to issues requiring preliminary consideration by the Board prior to the Board's approval. In addition, Committee meetings determine the necessity (or highlight other aspects) of the Board's approval for a certain issue.

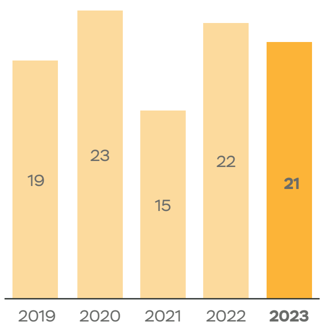
Committee decisions are taken by majority vote of members participating in the Committee meeting. Each Committee member has one vote, and the Committee Chair has no casting vote in the event of a tie.

The procedure for nominating and electing members of the Board Committees is set out in the Charter of Polyus PJSC and the relevant Committee regulations.

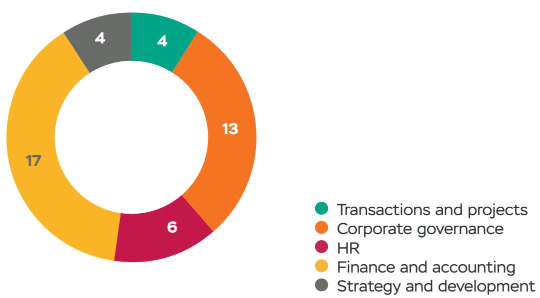
In 2023, the Board of Directors of Polyus PJSC had the following active Committees:

- **Audit Committee** (a mandatory committee under the requirements of the MOEX Listing Rules); and
- **Nominations and Remuneration Committee** (a mandatory committee under the requirements of the MOEX Listing Rules).

Meetings of the Board of Directors



Categories of matters reviewed by the Board



Attendance at Board and Committee meetings

Board member (until 7 July 2023)	Attendance at meeting		
	BoD	AC	NRC
Director 1	100%		100%
Director 2	100%		
Director 3	100%		100%
Director 4	100%		
Director 5	100%	100%	100%
Director 6	100%		
Director 7	100%	100%	
Director 8	100%	100%	
Director 9	100%		

Board member (from 7 July 2023)	Attendance at meeting		
	BoD	AC	NRC
Director 1	100%		
Director 2	100%		
Director 3	100%	100%	100%
Director 4	100%	100%	100%
Director 5	100%	100%	100%
Director 6	100%	100%	
Director 7	100%		
Director 8	100%		
Director 9	100%		100%

Board of Directors (continued)

CHIEF EXECUTIVE OFFICER (CEO)

The CEO is elected by the Board of Directors for a term of three (3) years. The Chief Executive Officer acts reasonably and in good faith to protect the interests of the Company.

The CEO's scope of authority covers all matters related to managing the Company's day-to-day operations, excluding matters reserved for the General Meeting of Shareholders or the Board of Directors.

The Chief Executive Officer is responsible for managing the day-to-day operations of the Company. 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's core responsibilities include:

- 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

The Company has a Corporate Secretary. The Company's Board of Directors decides on the appointment, dismissal and contract terms, including remuneration and bonus principles, of the Corporate Secretary and approves the Regulations on the Corporate Secretary. 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, the current version of which can be found on the Company website.

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.

In September 2023, the Company changed its Corporate Secretary.

REMUNERATION OF THE BOARD OF DIRECTORS

The procedure for determining and paying remuneration to Board members is governed by an internal document – the Regulations on Remuneration and Compensation for Members of the Board of Directors of Polyus PJSC. A new version of the Regulations was approved by a resolution of the reconvened Annual General Meeting of Shareholders on 7 July 2023 (Minutes #02-23/OSA dated 7 July 2023), which included the following key amendments:

- **changes** were made to the amount of basic remuneration of Independent Directors and to additional remuneration paid to Independent Directors for performing extra duties; and
- **no separate basic remuneration** is paid to the Senior Independent Director (unlike in the previous version of the Regulations approved by a resolution of the Annual General Meeting of Shareholders dated 18 August 2020).

During 2023, Board members did not receive any remuneration and/or compensation for performing their duties as members of the Company's Board of Directors.

Key remuneration principles for the Board members:

- remuneration is only paid to Independent Directors;
- remuneration consists of basic and additional remuneration; and
- remuneration is calculated per corporate year (spanning from the date the corresponding Independent Directors were elected by the Annual General Meeting of Shareholders until the next such meeting).

DIVERSITY POLICY

Polyus recognizes and embraces diversity as a foundation of successful business.

The Company views diversity at Board and senior management levels as an essential prerequisite to attaining its strategic objectives and 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 backgrounds, 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 cultural and educational backgrounds and with diverse life experiences are likely to approach similar problems in different ways.
- **Access to resources and connections**
  By selecting candidates with different qualities, companies can gain access to different resources. For example, directors with financial industry experience could facilitate access to specific investors.
- **Career motivation 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 7 July 2023, the Company's reconvened General Meeting of Shareholders approved the following auditors of Polyus PJSC for 2023:

- Business Solutions and Technologies JSC (DRT JSC) to audit the consolidated financial statements (IFRS) for 2023; and
- FinExpertiza LLC to audit the accounting (financial) statements for 2023 in accordance with Russian Accounting Standards (RAS).

The auditor candidates were screened by the Audit Committee of the Board of Directors 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. Details regarding auditor candidates and the Company's existing procedures for selecting auditors were included in the shareholder materials for the Company's reconvened Annual General Meeting of Shareholders.

The Company has engaged Business Solutions and Technologies JSC (Deloitte & Touche CIS JSC until 20 May 2022) to audit its consolidated financial statements (IFRS) since 2011 (for 13 years), and FinExpertiza LLC since 2015 (for 9 years). If required, Business Solutions and Technologies JSC also provides auxiliary audit services and other consulting services to the Company and its controlled entities.

Audit fees (RUB, including VAT):

Business Solutions and Technologies JSC	2023
Audit of the consolidated financial statements (IFRS) of Polyus PJSC for the year ended 31 December 2023	4,800,000
Audit of the consolidated financial statements (IFRS) of Polyus PJSC subsidiaries for the year ended 31 December 2023	66,000,000
Auxiliary audit services and other services	3,660,000

Auxiliary audit services and other services provided by Business Solutions and Technologies JSC in 2023 (for Polyus PJSC, RUB, including VAT):

	2023
iXBRL (Inline eXtensible Business Reporting Language) tagging compliance assessment service	60,000
Review of condensed interim consolidated statements (IFRS) of PJSC Polyus for the six months ended 30 June 2023	1,200,000
Other auxiliary audit services	2,400,000

Audit fees (RUB, including VAT):

FinExpertiza LLC	2023
Mandatory audit of Polyus PJSC's RAS statements (RUB, including VAT)	552,972

Anti-corruption

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

Polyus aims to ensure that it complies with all anti-corruption legal requirements and has always focused on high ethical standards and best practice in anti-corruption compliance. The Company complies with the applicable legal and regulatory 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, its subsidiaries and their 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 dedicated 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 other stakeholders to report and share information. Details of the hotline are available in the Anti-corruption section on the Company website.

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

In 2023, there were no legal/administrative 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 form 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 diversity and inclusion values at all organizational levels from rank-and-file staff to top management; and
- 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 of the Company's Board of Directors regularly monitors compliance with the approved Human Rights Policy.

In 2023, Polyus released Human Rights: Theory and Practice, a themed report detailing the Company's efforts to observe and protect human rights that provides stakeholders with a complete picture of the Company's performance in this area. The publication of this report sets Polyus apart, as it is an uncommon practice in Russia, highlighting the Company's unwavering commitment to human rights throughout its operations.

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.

On 6 June 2023, the Board of Directors reviewed the distribution of profits and losses for 2022 and decided to recommend to the General Meeting of Shareholders of Polyus PJSC that there should be no final dividend for the said period. When developing its recommendations, the Board of Directors considered various factors, including the increased sanctions pressure on Russian companies, the sanctions imposed on Polyus by US, UK and Australian governments from 19 May 2023, current market conditions and the impact of the shifting economic landscape on the Company's operations. The Board of Directors did not recommend a dividend for 1H 2023 and did not convene a General Meeting of Shareholders to resolve on this matter.

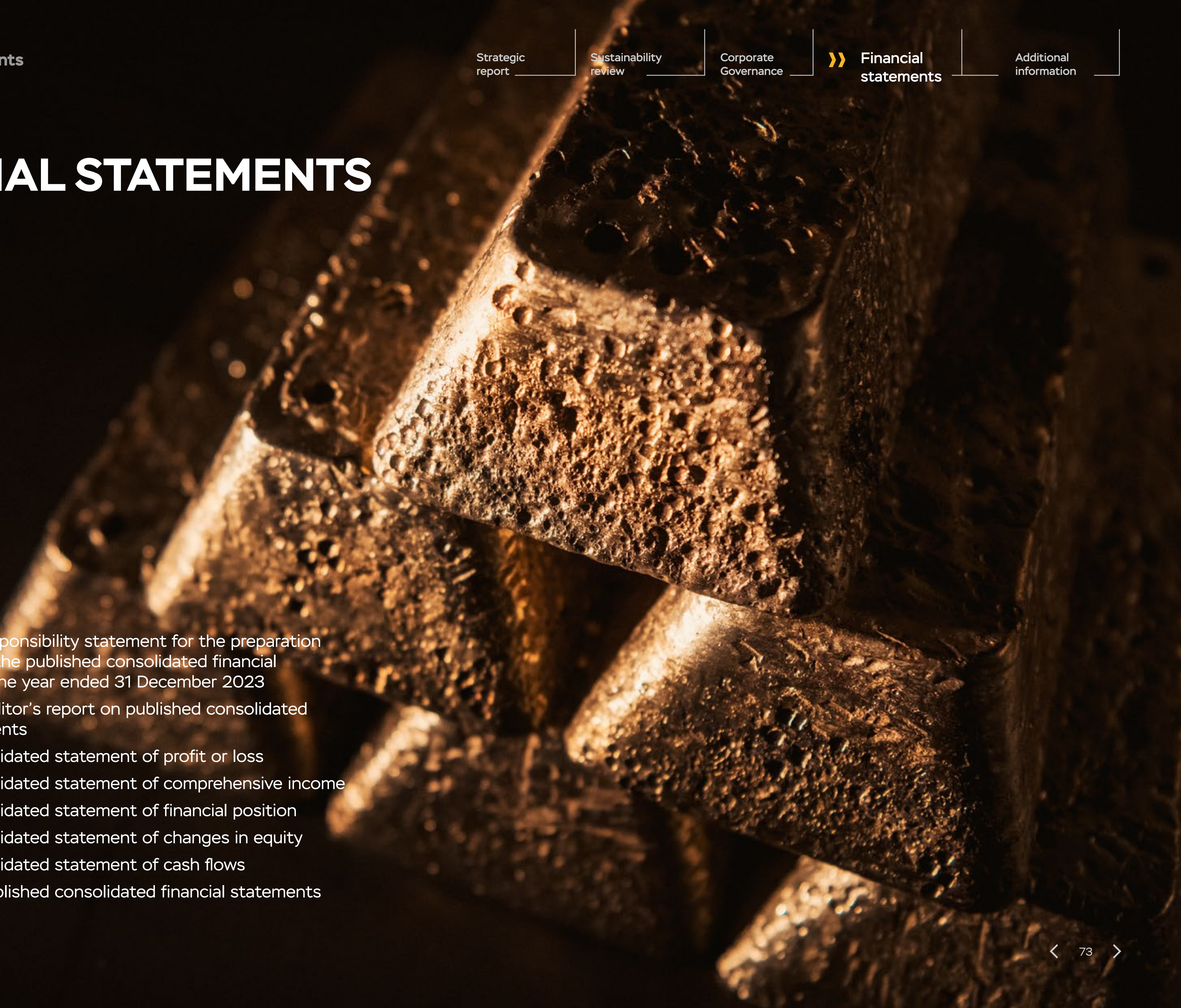
Following the recommendations of the Board of Directors of 6 June 2023, the reconvened Annual General Meeting of Shareholders held on 7 July 2023 resolved to cover Polyus PJSC's net loss for FY 2022 with the Company's retained earnings from previous years. Based on the Board's recommendations, the reconvened Annual General Meeting of Shareholders on 7 July 2023 resolved against declaring and paying dividends.

Dividend declaration and payment over the past 5 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)
2023	The decision on the final dividend payment (declaration) for 2023 will be made at the Annual General Meeting of Shareholders in 2024			
6M 2023	-	-	-	-
2022	-	-	111,849	-
6M 2022	-	-		
2021	-	-	167,421	22%
6M 2021	267.48	36,396		
2020	387.15	85,360[2]	122,628	70%
6M 2020	240.18	32,681		
2019	244.75	54,568[2]	124,969	44%
6M 2019	162.98	21,708		
2018	143.62	36,481[2]	29,266	125%
6M 2018	131.11	17,351		

[2] Total accrued annual dividend amounts include 6M dividends for the respective years.

FINANCIAL STATEMENTS



Management responsibility statement for the preparation and approval of the published consolidated financial statements for the year ended 31 December 2023

Management of PJSC "Polyus" ("Company") and its subsidiaries ("Group") is responsible for the preparation of the published consolidated financial statements in accordance with the basis of preparation described in note 2.2 to the published consolidated financial statements.

In preparing the published consolidated financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner consistent with the basis of preparation described in more detail in note 2.2, which does not lead to imposition of additional sanctions by foreign states, national unions and (or) associates, state-owned (interstate) institutions of foreign states or of national unions and (or) associates targeting the group and (or) other persons;
- providing additional disclosures when compliance with the specific requirements in International financial reporting standards ("IFRS") are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's consolidated financial position and financial performance; and
- making an assessment of the group's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the group;
- maintaining adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the published consolidated financial position of the group, and which enable them to ensure that the published consolidated financial statements of the group comply with the basis of preparation described in note 2.2 to the published consolidated financial statements;
- maintaining statutory accounting records in compliance with legislation and accounting standards in the jurisdictions in which the group operates;
- taking such steps as are reasonably available to them to safeguard the assets of the group; and
- preventing and detecting fraud and other irregularities.

The published consolidated financial statements of the group for the year ended 31 December 2023 were approved by management on 29 February 2024.

By order of the management,

Vostokov A.A.
Chief Executive Officer

Moscow, Russia
29 February 2024

Independent auditor's report on published consolidated financial statements

ДРТ
ДЕЛОВЫЕ РЕШЕНИЯ И ТЕХНОЛОГИИ
BUSINESS SOLUTIONS AND TECHNOLOGIES

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To the Shareholders and Board of Directors of Public Joint Stock Company "Polyus":

OPINION

We have audited the published consolidated financial statements of Public Joint Stock Company "Polyus" and its subsidiaries (the "group"), which comprise the published consolidated statement of financial position as at 31 December 2023 and the published consolidated statement of profit or loss, published consolidated statement of comprehensive income, published consolidated statement of changes in equity and published consolidated statement of cash flows for the year then ended, and notes to the published consolidated financial statements, including material accounting policy information ("published consolidated financial statements").

In our opinion, the accompanying published consolidated financial statements are prepared in all material respects in accordance with the basis of preparation of published consolidated financial statements described in note 2.2 "Basis of preparation of published consolidated financial statements" and in accordance with Decree of the Government of the Russian Federation №1102 dated 4 July 2023 "On specific aspects of disclosure and (or) provision of information, subject to disclosure and (or) provision in accordance with the requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market" regarding restrictions on the level of financial information disclosure.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Published Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Auditor's Independence Rules and the Auditor's Professional Ethics Code, that are relevant to our audit of the financial statements in the Russian Federation together with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER – BASIS OF PREPARATION AND RESTRICTION ON USE

We draw attention to note 2.2 to the published consolidated financial statements "Basis of preparation of published consolidated financial statements", which describes the basis of preparation. The purpose of published consolidated financial statements is to comply with the requirements for the publication of the Group's consolidated financial results established within the framework of the requirements of Federal Law № 208 "On Joint-Stock Companies" dated 26 December 1995 as well as taking into account the recommendations set out in Decree of the Government of the Russian Federation №1102 dated 4 July 2023 "On specific aspects of disclosure and (or) provision of information, subject to disclosure and (or) provision in accordance with the requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market" regarding restrictions on the level of financial information disclosure in such a way that the information presented in the accompanying published consolidated financial statements could not lead to imposition of additional sanctions by foreign states, national unions, associates and state-owned (interstate) institutions targeting the Group and (or) other persons. As a result, the published consolidated financial statements do not comply with International Financial Reporting Standards ("IFRSs") and do not contain all the information required to be presented and disclosed in accordance with IFRSs and may not be suitable for any other purposes. Our opinion is not modified in respect of this matter.

Independent auditor's report on published consolidated financial statements (continued)

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the published consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the published consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the published consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the published consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE PUBLISHED CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the published consolidated financial statements in accordance with the basis of preparation described in note 2.2 and for such internal control as management determines is necessary to enable the preparation of published consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the published consolidated financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE PUBLISHED CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the published consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these published consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the published consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the published consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Ilya Ryabtsev
(ORNZ #21906100462)
Engagement partner,

Acting based on the power of attorney issued by the General Director on 15.12.2023 authorizing to sign off the audit report on behalf of AO "Business Solutions and Technologies"
(ORNZ № 12006020384)

29 February 2024

Published consolidated statement of profit or loss for the year ended 31 December 2023

(in millions of US Dollars)

	Notes	Year ended 31 December 2023	2022
Gold sales	5	**5,341**	4,172
Other sales		**95**	85
Total revenue		**5,436**	**4,257**
Cost of gold sales	6	**(1,626)**	(1,788)
Cost of other sales		**(90)**	(73)
Total cost		**(1,716)**	**(1,861)**
Gross profit		**3,720**	**2,396**
Selling, general and administrative expenses	7	**(426)**	(400)
Other expenses	8	**(122)**	(98)
Operating profit		**3,172**	**1,898**
Finance costs	9	**(314)**	(179)
Interest income		**58**	32
Gain on acquisition of subsidiaries	24	**-**	3
(Loss) / gain on revaluation of derivative financial instruments and investments	10	**(600)**	250
Foreign exchange loss		**(187)**	(112)
Profit before income tax		**2,129**	**1,892**
Income tax expense	11	**(400)**	(345)
Profit for the year		**1,729**	**1,547**
Profit / (loss) for the year attributable to:			
Shareholders of the Company		**1,729**	1,548
Non-controlling interests		**-**	(1)
		1,729	**1,547**

	Notes	Year ended 31 December 2023	2022
Weighted average number of ordinary shares '000			
for basic earnings per share	16	**116,356**	135,354
for diluted earnings per share	16	**116,856**	136,028
Earnings per share (US Dollar per share)			
basic		**14.86**	11.44
diluted		**14.80**	11.38

Published consolidated statement of comprehensive income for the year ended 31 December 2023

(in millions of US Dollars)

	Year ended 31 December 2023	2022
Profit for the year	**1,729**	**1,547**
Other comprehensive (loss) / income for the year		
Items that may be subsequently reclassified to profit or loss:		
Effect of translation to presentation currency	**(1,283)**	**225**
Items that will not be subsequently reclassified to profit or loss		
Increase in other reserves	1	4
Other comprehensive (loss) / income for the year	**(1,282)**	**229**
Total comprehensive income for the year	**447**	**1,776**
Total comprehensive income / (loss) for the year attributable to:		
Shareholders of the Company	449	1,773
Non-controlling interests	(2)	3
	447	**1,776**

Published consolidated statement of financial position at 31 December 2023

(in millions of US Dollars)

	Notes	Year ended 31 December 2023	2022
Assets			
Non-current assets			
Intangible assets		122	191
Property, plant and equipment	12	**4,899**	5,766
Inventories	13	**1,018**	806
Deferred tax assets	11	**71**	115
Derivative financial instruments and investments	18	**70**	330
Other receivables and non-current assets		**21**	28
		6,201	**7,236**
Current assets			
Inventories	13	**925**	1,006
Deferred expenditure		**16**	23
Derivative financial instruments and investments	18	**47**	61
Advances paid to suppliers and prepaid expenses	14	**109**	92
Trade and other receivables	14	**130**	46
Taxes receivable	14	**130**	139
Income tax prepaid		**15**	15
Cash and cash equivalents	15	**1,711**	1,317
		3,083	**2,699**
Total assets		**9,284**	**9,935**

	Notes	Year ended 31 December 2023	2022
Equity and liabilities			
Capital and reserves			
Share capital	16	**5**	5
Additional paid-in capital	16	**2,377**	2,390
Treasury shares	16	**(6,493)**	(133)
Translation reserve		**(4,124)**	(2,843)
Other reserves		**7**	6
Retained earnings		**7,594**	5,858
Equity attributable to shareholders of the Company		**(634)**	**5,283**
Non-controlling interests		**7**	10
		(627)	**5,293**
Non-current liabilities			
Borrowings	17	**8,004**	3,173
Derivative financial instruments	18	**74**	72
Deferred tax liabilities	11	**259**	468
Site restoration, decommissioning and environmental obligations		**47**	58
Other non-current liabilities		**33**	46
		8,417	**3,817**
Current liabilities			
Borrowings	17	**649**	348
Derivative financial instruments	18	**332**	–
Trade and other payables	19	**390**	378
Taxes other than income tax payable	19	**72**	91
Income tax payable		**51**	8
		1,494	**825**
Total liabilities		**9,911**	**4,642**
Total equity and liabilities		**9,284**	**9,935**

Published consolidated statement of changes in equity for the year ended 31 December 2023

(in millions of US Dollars)

		Equity attributable to shareholders of the Company								
	Notes	Share capital	Additional paid-in capital	Treasury shares	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total
Balance at 31 December 2021		**5**	**2,411**	**(226)**	**2**	**(3,064)**	**4,346**	**3,474**	**25**	**3,499**
Profit / (loss) for the year		–	–	–	–	–	1,548	**1,548**	(1)	1,547
Other comprehensive income		–	–	–	4	221	–	**225**	4	229
Total comprehensive income		**–**	**–**	**–**	**4**	**221**	**1,548**	**1,773**	**3**	**1,776**
Equity-settled share-based compensation (LTIP), net of tax		–	27	–	–	–	–	**27**	–	27
Shares awarded under LTIP		–	(48)	101	–	–	(50)	**3**	–	3
Share buyback		–	–	(8)	–	–	–	**(8)**	–	(8)
Dividends declared to shareholders of non-controlling interests		–	–	–	–	–	–	**–**	(4)	(4)
Other		–	–	–	–	–	14	**14**	(14)	–
Balance at 31 December 2022		**5**	**2,390**	**(133)**	**6**	**(2,843)**	**5,858**	**5,283**	**10**	**5,293**
Profit for the year		–	–	–	–	–	1,729	**1,729**	–	1,729
Other comprehensive income / (loss)		–	–	–	1	(1,281)	–	**(1,280)**	(2)	(1,282)
Total comprehensive income / (loss)		**–**	**–**	**–**	**1**	**(1,281)**	**1,729**	**449**	**(2)**	**447**
Equity-settled share-based compensation (LTIP), net of tax	16	–	23	–	–	–	–	**23**	–	23
Shares awarded under LTIP	16	–	(36)	–	–	–	6	**(30)**	–	(30)
Share buyback	16	–	–	(6,360)	–	–	–	**(6,360)**	–	(6,360)
Dividends declared to shareholders of non-controlling interests		–	–	–	–	–	–	**–**	(1)	(1)
Other		–	–	–	–	**–**	**1**	**1**	–	**1**
Balance at 31 December 2023		**5**	**2,377**	**(6,493)**	**7**	**(4,124)**	**7,594**	**(634)**	**7**	**(627)**

Published consolidated statement of cash flows for the year ended 31 December 2023

(in millions of US Dollars)

	Notes	Year ended 31 December 2023	2022
Operating activities			
Profit before income tax		**2,129**	**1,892**
Adjustments for:			
Finance costs	9	**314**	179
Interest income		**(58)**	(32)
Gain on acquisition of subsidiaries	24	**–**	(3)
Loss / (gain) on revaluation of derivative financial instruments and investments	10	**600**	(250)
Depreciation and amortisation		**484**	449
Foreign exchange loss		**187**	112
Other		**143**	121
		3,799	**2,468**
Movements in working capital			
Inventories		**(316)**	(391)
Deferred expenditure		**(4)**	6
Trade and other receivables		**(86)**	15
Advances paid to suppliers and prepaid expenses		**(37)**	**(24)**
Taxes receivable		**(12)**	24
Trade and other payables		**4**	34
Taxes other than income tax payable		**12**	(17)
Cash flows from operations		**3,360**	**2,115**
Income tax paid		**(464)**	(234)
Net cash generated by operating activities		**2,896**	**1,881**

	Notes	Year ended 31 December 2023	2022
Investing activities			
Purchase of property, plant and equipment and intangible assets		**(1,188)**	(1,355)
Acquisition of subsidiaries, net of cash acquired	24	**–**	(143)
Interest received		**59**	24
Loans issued		**(117)**	(440)
Proceeds on disposal of subsidiaries, net of cash disposed	10	**68**	–
Proceeds from repayment of loans receivable		**323**	8
Other		**(1)**	6
Net cash utilised in investing activities		**(856)**	**(1,900)**
Financing activities			
Proceeds from borrowings	17	**5,837**	665
Repayment of borrowings	17	**(340)**	(509)
Interest paid		**(317)**	(197)
Commissions paid on borrowings		**(32)**	(2)
Payments of lease liability		**(19)**	(20)
Net proceeds on exchange of interest payments under cross currency swaps	9	**29**	56
Proceeds from termination of cross-currency swaps		**–**	24
Payment on currency forward		**(271)**	–
Payments for share buyback	16	**(6,395)**	(8)
Dividends paid to shareholders of non-controlling interests		**(1)**	(3)
Net cash (utilised in) / generated by financing activities		**(1,509)**	**6**
Net increase / (decrease) in cash and cash equivalents		**531**	**(13)**
Cash and cash equivalents at the beginning of the year	15	**1,317**	**1,343**
Effect of foreign exchange rate changes on cash and cash equivalents		(137)	(13)
Cash and cash equivalents at the end of the year	15	**1,711**	**1,317**

Notes to the published consolidated financial statements for the year ended 31 December 2023

(in millions of US Dollars)

1. GENERAL

Public Joint Stock Company Polyus (the "Company" or "Polyus") was incorporated in Moscow, Russian Federation, on 17 March 2006.

The principal activities of the Company and its controlled entities (the "group") are the extraction, refining and sale of gold. The mining and processing facilities of the group are located in the Krasnoyarsk, Irkutsk, Magadan regions and the Sakha Republic of the Russian Federation. The group also performs research and exploration works.

The shares of the Company are "level one" listed on the Moscow Exchange. Global Depositary receipts ("GDRs") each representing interest in ½ of an ordinary share in the Company were traded on the main market for listed securities of the London Stock Exchange plc ("LSE"). At 25 July 2023, the UK Financial Conduct Authority has cancelled the listings of the Company's GDRs according to Management request, given current circumstances (including, among other things, the recent imposition of US and UK blocking sanctions against the Company and several subsidiaries, refer to Note 21).

2. BASIS OF PREPARATION AND PRESENTATION

2.1. Going concern

Management has, at the time of approving the published consolidated financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the group continues to adopt the going concern basis of accounting in preparing the published consolidated financial statements. Management of the group has no intentions or need to cease operations or liquidate the group, therefore all obligations shall be paid in due course and assets realized in normal course of business.

As at 31 December 2023, the group's liabilities exceeded its assets by USD 627 million. Such excess was due to share buyback in August 2023 (Note 16). The net profit for 2023 year was USD 1,729 million, net cash generated by operating activities was USD 2,896 million. In making its going concern assessment management of the group has taken into account group's financial position, expected commercial results, recoverability of financial assets, borrowings and available credit facilities, as well as planned capital expenditures and capital commitments and other factors, including those related to the geopolitical situation in the world. According to management's forecasts, operating cash flows will be sufficient to fully cover the negative net assets of the group during 2024-2025 years.

2.2. Basis of preparation of published consolidated financial statements

These published consolidated financial statements have been prepared by management based on the consolidated financial statements as of and for the year ended 31 December 2023 prepared in accordance with the International Financial Reporting Standards ("IFRSs") by excluding information in accordance with Decree of the Government of the Russian Federation dated 4 July 2023 № 1102 "On specific aspects of disclosure and (or) provision of information, subject to disclosure and (or) provision in accordance with the requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market".

The purpose of these published consolidated financial statements is to present consolidated financial position and consolidated financial results of the group excluding information, disclosure of which, in the opinion of the management, could lead to imposition of additional sanctions by foreign states, national unions and (or) associates, state-owned (interstate) institutions of foreign states or of national unions and (or) associates targeting the group and (or) other persons. Therefore, these published consolidated financial statements are not prepared in accordance with IFRS and do not replace consolidated financial statements prepared in accordance with IFRSs as far as do not contain all information which is required to be disclosed in accordance with IFRS and may not be suitable for any other purposes.

2.3. Basis of accounting

The entities of the group maintain their accounting records in accordance with the laws, accounting and reporting regulations of the jurisdiction in which they are incorporated and registered. The accounting principles and financial reporting procedures in these jurisdictions may differ substantially from those generally accepted under IFRS. Accordingly, financial information has been adjusted to ensure that the published consolidated financial statements are presented in accordance with the basis described above and accounting policies which are based on the principles of IFRS, taking into account standards and amendments which were effective as at 1 January 2023.

The published consolidated financial statements of the group are prepared on the historical cost basis, except for derivative financial instruments and certain trade receivables, which are accounted for at fair value, as explained in the accounting policies below.

Comparative information for the year ended 31 December 2022 has been retrospectively adjusted due to the end of the measurement period of the acquisition of business in June 2023 (Note 24).

2.4. IFRS standards and amendments first time applied in 2023

The following is a list of new or amended IFRS standards and interpretations that have been applied by the group in these published consolidated financial statements:

Title	**Subject**	Effective for annual periods beginning on or after	Effect on the published consolidated financial statements
IFRS 17, including amendments to IFRS 17	Insurance contracts	1 January 2023	No effect
Amendment to IAS 8	Definition of Accounting Estimates	1 January 2023	No effect
Amendment to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction International Tax reform – Pillar Two model rules	1 January 2023	No effect
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023	No effect

2.5. IFRS standards and amendments to be applied after 2023

The following standards and interpretations, which have not been applied in these published consolidated financial statements, were in issue but not yet effective:

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

Title	Subject	Effective for annual periods beginning on or after	Effect on the published consolidated financial statements
Amendments to IFRS 7 and IAS 7	Supplier finance arrangements	1 January 2024	No effect
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024	No effect
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current; Non-current Liabilities with Covenants	1 January 2024	No effect
Amendments to IAS 21	Lack of exchangeability	1 January 2025	No effect

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of consolidation

Subsidiaries
The published consolidated financial statements of the group incorporate the financial statements of the Company and all its subsidiaries, from the date that control effectively commenced until the date that control effectively ceased. Control is achieved where the Company has the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control defined above. Subsidiaries are included in the published consolidated financial results of the Company from the effective date of acquisition up to the effective date of loss of control.

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as non-controlling interests in the equity section of the published consolidated statement of financial position. The non-controlling interest may initially be measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the subsidiary's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

All intra-group balances, transactions and any unrealised profits or losses arising from intra-group transactions are eliminated on consolidation.

Functional currency
The functional currency of the Company and all the subsidiaries of the group is the Russian Rouble ("RUB").

3.2. Presentation currency

The group presents its published consolidated financial statements in the US Dollar ("USD"), as management believes it is a more convenient presentation currency for international users of the published consolidated financial statements of the group as it is a common presentation currency in the mining industry. The translation of the financial statements of the group entities from their functional currencies to the presentation currency is performed as follows:

- All assets and liabilities are translated at closing exchange rates at each reporting date;
- All income and expenses are translated at the monthly average exchange rates, except for revenue and significant transactions that are translated at rates on the date of such transactions;
- Resulting exchange differences are included in the Translation reserve in equity (on disposal of such entities this Translation reserve is reclassified into the published consolidated statement of profit or loss); and
- In the published consolidated statement of cash flows, cash balances at the beginning and end of each reporting period presented are translated at exchange rates at the respective dates. All cash flows are translated at the monthly average exchange rates, except for significant transactions that are translated at rates on the date of such transactions.

As of 31 December 2023, year-end RUB/ US Dollar exchange rate used in the preparation of the published consolidated financial statements was 89.69 (31 December 2022: 70.34).

3.3. Foreign currencies

Transactions not denominated in RUB (functional currency of the Company and all the subsidiaries of the group) are recorded at the exchange rate prevailing on the date of the transactions. All monetary assets and liabilities not denominated in RUB are translated at the exchange rates prevailing at the reporting date. Non monetary items carried at historical cost are translated at the exchange rate prevailing on the date of the transaction.

3.4. Revenue

The group entity recognises revenue when or as a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Refined gold sales
The group recognises revenue from refined gold sales upon physical shipment of gold from the refinery plant to customers or upon receipt of full payment for refined gold which has already been delivered to the place of destination depending on terms specified in contracts with customers. Gold price is based on prevailing spot market metal prices. Cash payments are received in advance or within several days after sale.

Gold-antimony and gold flotation concentrates sales
The group has a number of sales contracts for gold flotation concentrates, which contain provisional pricing terms depending on quantity and price. Revenue from sales of gold flotation concentrates is recognised upon shipments from the railroad stations, seaports or group's warehouses depending on the date of passing the title as per contracts with customers.

Revenue from sales of gold within gold flotation concentrates is recognised in Gold in flotation concentrate sales within Gold sales. The sale proceeds from sale of antimony contained in the gold-antimony flotation concentrate is treated as by-product sales and recognised as a decrease to cost of gold sales.

Final cash payments are received within several months after the shipment.

The adjustment to the quantity of gold in gold flotation concentrates delivered is treated as a variable consideration, thus completely recognised in Gold in flotation concentrate sales within Gold sales.

The adjustment to the gold price depends on gold market prices, therefore represents a sales contract with an embedded derivative. The embedded derivative relates to the trade receivables and fails the "solely payments of principal and interest" test under IFRS 9, thus such trade receivables are recognised and measured at fair value through profit or loss (FVTPL). The revaluation result is presented within Other expenses.

Other revenue
Other revenue comprises mainly sales of electricity and materials and supplies. Revenue from sales is recognised when a contract exists, delivery has taken place, a quantifiable price has been established or can be determined and the receivables are likely to be recovered. Delivery takes place when the risks and benefits associated with ownership are transferred to the customer.

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

3.5. Income tax

The income tax expense or benefit for the period consists of two components: current and deferred. Income tax expense is recognised in the published consolidated statement of profit or loss except to the extent it relates to a business combination or items recognised directly in the published consolidated statement of changes in equity.

Current tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements of the separate legal entities and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are not recognised for taxable temporary differences associated with investments in subsidiaries because the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

3.6. Dividends

Dividends and related taxation thereon are recognised as a liability in the period in which they have been declared and become legally payable.

Retained earnings legally distributable by the Company are based on the amounts available for distribution in accordance with the applicable legislation and as reflected in the statutory financial statements of the individual subsidiaries of the group. These amounts may differ significantly from the amounts calculated on the basis of IFRS.

3.7. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses.

Intangible assets with a finite useful life are amortised on a straight-line basis over the estimated economic useful life of the asset. The amortisation of such intangible assets is included in Cost of sales or Selling, general and administrative expenses based on whether intangible asset is used in operating activities or not.

The remaining useful lives of the group's intangible assets are from 1 to 15 years.

The group applies IAS 36 Impairment of Assets to determine whether an intangible asset is impaired and accounts for any identified impairment loss when incurred.

3.8. Property, plant and equipment

Fixed assets
Fixed assets are recorded at cost less accumulated depreciation. Fixed assets include the cost of acquiring and developing mining properties, pre-production expenditure and mine infrastructure, processing plant, mineral rights and mining and exploration licences and the present value of future mine closure, rehabilitation and decommissioning costs.

Fixed assets are amortised on a straight-line basis over the estimated economic useful life of the asset, or the remaining life-of-mine in accordance with the mine operating plans (MOPs), whichever is shorter.

Depreciation is charged from the date a new mine reaches commercial production quantities and is included in the Cost of sales, Selling, general and administrative expenses or Stripping activity assets accordingly. The estimated remaining useful lives of the group's significant mines and processing facilities based on the MOPs are as follows:

Olimpiada	11 years
Blagodatnoye	15 years
Verninskoye	13 years
Kuranakh	16 years
Natalka	26 years

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

Stripping activity asset

The group incurs stripping costs during the production phases of its surface mining operations.

The group identifies separate components towards which the stripping costs are incurred for the ore bodies in each of its mines. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. For the purposes of identification of separate components the group uses MOPs. Each discrete stage of mining identified in a MOP is considered as a unit of account. If the MOP identifies several discrete stages which are scheduled to be mined consecutively (one after the another) or located in the different parts of the mine, these stages are identified as separate components.

The group uses an allocation basis that compares volume of waste extracted with expected volume, for a given volume of ore production in the period for the identified component of the ore body to determine if stripping costs are to be allocated to stripping activity asset or the cost of inventory.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs.

After initial recognition the stripping activity asset is carried at cost less accumulated depreciation calculated using unit-of production method based on ore extracted and any impairment losses.

Capital construction in progress and equipment not installed
Assets under construction at operating mines are accounted for as capital construction in progress. When the capital construction in progress is completed and in a condition necessary to be capable of operating in the manner intended by management, the objects are reclassified to fixed assets. Equipment not installed is equipment that requires additional installation or assembly costs to be capable of operating in the manner intended by management. After incurring these costs, such equipment is reclassified to fixed assets. Capital construction in progress is not depreciated.

Exploration and evaluation assets
Exploration and evaluation expenditure is capitalised when the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable gold resources. When the technical feasibility and commercial viability of extracting a gold resource are demonstrable and a decision has been made to develop the mine, capitalised exploration and evaluation assets are reclassified to Mine under development or Fixed assets.

3.9. Impairment of property, plant and equipment

Property, plant and equipment items are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets, which is generally at the individual mine level. An impairment review of property, plant and equipment items is carried out when there is an indication that those assets have suffered an impairment loss. There were no such indicators during 2023 and 2022.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The following facts and circumstances, among others, indicate that exploration and evaluation assets must be tested for impairment:

- The term of the exploration licence in the specific area has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of gold resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of gold resources in the specific area have not led to the discovery of commercially viable quantities of gold resources and the decision was made to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to occur, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3.10. Financial instruments

Financial assets and financial liabilities are initially recognised at fair value when the group becomes a party to the contractual provisions of the instruments.

The group subsequently measures its financial instruments as follows:

- Trade receivables for gold flotation concentrates, derivatives – at FVTPL with effect of fair value change presented within note 10;
- Borrowings, cash and cash equivalents, trade and other receivables (except for those at FVTPL), loans receivable, trade and other payables – at amortised cost using the effective interest method.

The group neither applies hedge accounting nor has any financial instruments measured at fair value through other comprehensive income.

Trade receivables for gold flotation concentrates
Accounting of trade receivables for gold flotation concentrates is disclosed in 3.4 Revenue.

Derivatives
The group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate risk and risk of volatility in the gold price.

Derivatives are carried at fair value through profit or loss. Changes in the fair value of the derivative financial instruments are recognised within (Loss) / gain on revaluation of derivative financial instruments and investments of the published consolidated statement of profit or loss. Gain or loss on the exchange of interest payments under cross-currency and interest rate swaps are recognised within Finance costs.

Borrowings
Borrowings (consisting of bonds issued, bank loans and lease liabilities) are initially recognised at fair value adjusted for directly attributable transaction costs and are subsequently accounted at amortised cost using the effective interest method.

Amortisation under the effective interest method (interest expense) and gains or losses on de-recognition or debt modification are recognised as profit or loss in the published consolidated statement of income within Finance costs.

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments which are:

- Readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value; or
- With original maturities of three months or less.

Impairment of financial assets
Cash and cash equivalents and loans receivable that are determined to have a low credit risk at the reporting date and for which credit risk has not increased significantly since initial recognition, are measured based on 12-month expected credit loss (ECL). In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Lifetime ECL's that result from all possible default events are recognised in respect of other financial assets measured at amortised cost.

The expected credit losses on these financial assets are estimated at each reporting date based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Fair value
Accounting standards require that the fair value of financial instruments reflects their credit quality, and also changes in credit quality where there is evidence that this has occurred. The credit risk associated with the group's derivative financial instruments is reflected in its derivative valuations. This credit factor is adjusted over time to reflect the reducing tenor of the instrument and is updated where the credit risk associated with the derivative has clearly changed based on market transactions and prices.

3.11. Inventories

Refined gold, ore stockpiles and gold-in-process
Stockpiles are valued at the lower of the average production costs per unit of ore mined and net realisable value. Gold-in-process, refined gold and gold in flotation concentrate are valued at the lower of the average production costs per recoverable gold and net realisable value. Costs are assigned to individual items of inventory on a weighted average cost basis.

Net realisable value of long-term stockpiles is estimated in real terms by calculating the selling price less all costs still to be incurred in converting the relevant inventory to saleable product, and delivering it to the customer, subject to an applicable discount factor. The selling price is estimated using long-term consensus gold price forecasts, multiplied by long-term consensus exchange-rate forecasts, gold content determined under group's production reports and recovery coefficients expected for a given ore type. Costs still to be incurred in converting the stockpile to refined gold are determined based on historical processing costs. Timing for discounting is determined based on management plans to process each type of ore or the life of the mine.

Materials and supplies
Materials and supplies consist of consumable materials and are stated at the lower of cost or net realisable value. Costs of materials and supplies are determined on a weighted average cost basis.

Antimony in gold-antimony flotation concentrate and silver
Antimony in gold-antimony flotation concentrate and silver are by-products of the group's gold production, which are valued at their net realisable value.

3.12. Deferred expenditure

Deferred expenditure relates to the preparation for the seasonal alluvial mining activities comprised of excavation costs, general production and specific production overhead costs and releases in the statement of profit or loss when the gold is extracted during the mining season.

3.13. Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date and subsequently expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the published consolidated financial statements in accordance with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires judgements which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

4.1. Critical judgements in applying accounting policies

No critical judgements have been applied when selecting the appropriate accounting policies.

4.2. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Mine operating plans;
- Recoverability of exploration and evaluation assets;
- Impairment of long-lived assets;
- Net realisable value of long-term stockpiles;
- Derivative financial instruments valuation; and
- Interpretation of tax legislation.

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

4.2.1. Mine operating plans

The group estimates ore, stripping volumes and grades for MOPs based on the data consistent with Joint Ore Reserves Committee Code (JORC) principles, where applicable, and considering national regulations. The MOPs are prepared based on geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity prices and exchange rates. This process requires complex and difficult geological judgements and analysis to interpret the data. The MOPs are usually updated annually to account for the newly obtained information including, but not limited to, resource definition drilling.

MOPs are the best estimates of the group about the expected volume and timing of extraction and processing of the reserves and resources from the group's mines. MOPs are used for the planning and actual extraction of ore from the mines and affect the following amounts in the published consolidated financial statements:

- Depreciation and amortisation expense, when an asset is amortised based on the units-of-production or straight-line basis (if life-of-mine is shorter than the useful economic life of the asset);
- Allocation of overburden removal (stripping) costs either to stripping activity asset or the cost of inventory, depending on proportion of ore and waste as per MOPs and actual performance in the reporting period;
- Asset retirement obligations due to expectations about the timing or cost of these activities; and
- Carrying value of deferred tax assets which depends on the ability of the group to realise the related tax benefits and is impacted by the expected results of mine operation and their timing.

4.2.2. Recoverability of exploration and evaluation assets

Management's judgement is involved in the determination of whether the expenditures which are capitalised as exploration and evaluation assets may be recouped by future exploitation or sale or should be impaired. Determining this, management estimates the possibility of finding recoverable ore reserves related to a particular area of interest. However, these estimates are subject to significant uncertainties. The group is involved in exploration and evaluation activities and some of its licensed properties contain gold resources. Management assumes that all licences will be renewed. Many of the factors, assumptions and variables involved in estimating resources are beyond the group's control and may prove to be incorrect over time. Subsequent changes in gold resources estimates could impact the carrying value of exploration and evaluation assets.

4.2.3. Impairment of long-lived assets

The group reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment indicators, assets that do not generate independent cash flows are allocated to an appropriate cash-generating unit. Management necessarily applies its judgement in allocating assets that do not generate independent cash flows to appropriate cash-generating units and also in estimating the timing and value of underlying cash flows within the value-in-use calculation. The value-in-use calculations for operating mines are based on the best available reserve estimates at the time of the analysis such as JORC.

Factors which could impact the underlying cash flows include:

- Commodity prices and exchange rates;
- Timelines of granting of licences and permits;
- Capital and operating expenditure; and
- Available reserves and resources and future production profiles.

Subsequent changes to the cash-generating unit allocation or to the timing of cash flows could impact the carrying value of the respective assets.

4.2.4. Net realisable value of long-term stockpiles

The measurement of long-term stockpiles includes the determination of its net realisable value, which involves significant estimates of future gold prices, Russian Rouble exchange rates, gold recoveries, future energy, material and other processing costs, timing of refined gold sales and processing and determination of discount rates.

Judgment also exists in estimating the number of contained ounces in ore stockpiles. These amounts are measured by estimating the number of gold ounces added (based on assay data) and removed (based on processing data) from the stockpile. Although the quantities of recoverable gold placed on the stockpiles are reconciled to the quantities of gold actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels.

The group assesses net realisable value of low-grade ore at the end of each reporting period. As at 31 December 2023, of all low-grade ore balances owned the group, the net realisable value of low-grade ore at Natalka was the most sensitive to changes in the key assumptions used in the assessment, including processing schedule, budgeted capital expenditures and macroeconomic assumptions, such as the long-term gold price and a RUB/USD exchange rate.

4.2.5. Derivative financial instruments valuation

Derivative instruments are carried at fair value and the group evaluates the quality and reliability of the assumptions and data used to measure fair value. Fair values of Derivative financial instruments are determined using valuation models based on inputs which are observable in the market (Level 2). The models incorporate various inputs including the credit quality of the group and counterparties. Changes in inputs are not controllable by the group and may change in future.

4.2.6. Interpretation of tax legislation

The group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the group's provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

5. SEGMENT INFORMATION

For management purposes the group is organised by separate business segments identified by a combination of operating activities and geographical area bases with separate financial information available and reported regularly to the chief operating decision maker ("CODM"), being the Budget Committee and the Investment Committee.

The following is a description of operations of the group's identified reportable segments:

Business unit	Russian Federation region	Mine / deposit	Description of operations at the specified mine / deposit
Olimpiada	Krasnoyarsk region	Olimpiada	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Blagodatnoye	Krasnoyarsk region	Blagodatnoye	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Natalka	Magadan region	Natalka	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Verninskoye	Irkutsk region	Verninskoye	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Kuranakh	Sakha Republic	Kuranakh	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Alluvials	Irkutsk region	Alluvials	mining (including initial processing) and sale of gold
Sukhoi Log	Irkutsk region	Sukhoi Log	exploration and evaluation works
Exploration	Krasnoyarsk, Irkutsk and other regions	Not applicable	exploration and evaluation work in several regions of the Russian Federation other than those performed by other business units

The group does not allocate segment results of companies that perform management, investing activities and certain other functions. Neither standalone results nor the aggregated results of these companies are significant enough to be disclosed as operating segments because quantitative thresholds are not met. Aggregated results of these companies are presented as Unallocated.

The reportable gold production segments derive their revenue primarily from gold sales. The CODM performs an analysis of the operating results based on these separate business units and evaluates the reporting segment's results, for purposes of resource allocation, based on the measurements of: gold sales; ounces of gold sold, in thousands; adjusted earnings before interest, tax, depreciation and amortisation and other items (Adjusted EBITDA); total cash cost (TCC); total cash cost per ounce of gold sold (TCC per ounce); and capital expenditures. Business segment assets and liabilities are not reviewed by the CODM and therefore are not disclosed in these published consolidated financial statements. The group's non-current assets are located in the Russian Federation.

The reporting segment's results for the year ended 31 December were as follows:

	Gold sales		Ounces of gold sold in thousands		Adjusted EBITDA		TCC		TCC per ounce (US dollar)		Capital expenditures	
Business units	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Olimpiada	**2,694**	1,621	**1,498**	935	**2,122**	1,033	**426**	475	**285**	509	**198**	199
Blagodatnoye	**762**	658	**404**	378	**577**	440	**158**	163	**392**	434	**219**	250
Natalka	**773**	763	**414**	445	**501**	499	**202**	197	**490**	441	**156**	148
Verninskoye	**489**	504	**261**	296	**335**	331	**119**	135	**456**	456	**93**	102
Kuranakh	**428**	410	**228**	239	**255**	206	**136**	164	**599**	684	**134**	129
Alluvials	**195**	216	**103**	130	**60**	35	**121**	160	**1,168**	1,234	**17**	30
Exploration	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**32**	33
Sukhoi Log	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**110**	88
Unallocated	**–**	–	**–**	–	**39**	40	**(32)**	(35)	**–**	–	**81**	140
Total	**5,341**	**4,172**	**2,908**	**2,423**	**3,889**	**2,584**	**1,130**	**1,259**	**389**	**519**	**1,040**	**1,119**

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

Adjusted EBITDA reconciles to the IFRS reported figures on a consolidated basis as follows:

	Year ended 31 December	
	2023	2022
Operating profit for the year	**3,172**	**1,898**
Depreciation and amortisation	**484**	449
Equity-settled share-based plans (LTIP) (note 16)	**45**	27
Impairment of inventories (note 13)	**58**	99
Certain items included in Other expenses (expenses related to COVID-19,		
special charitable contributions, impairment of property, plant and equipment and loss / (gain) on disposal of property, plant and equipment and intangible assets)	**130**	111
Adjusted EBITDA	**3,889**	**2,584**

The measurement of TCC per ounce of gold sold reconciles to the IFRS reported figures on a consolidated basis as follows:

	Year ended 31 December	
	2023	2022
Cost of gold sales before by-product sales	**1,727**	1,792
Antimony by-product sales	**(101)**	(4)
Cost of gold sales (note 6)	**1,626**	**1,788**
Adjusted for:		
Depreciation and amortisation (note 6)	**(766)**	(634)
Effect of depreciation, amortisation, accrual and provisions in inventory change	**270**	135
Expenses related to COVID-19 in cost of gold sales	**-**	(30)
TCC[1]	**1,130**	**1,259**
Ounces of gold sold, in thousands[1]	**2,908**	2,423
TCC per ounce of gold sold, USD per ounce[1]	**389**	**519**

[1] Unaudited

Gold sales

	Year ended 31 December	
	2023	2022
Refined gold	**4,685**	4,166
Gold in flotation concentrate	**656**	6
Total gold sales	**5,341**	**4,172**

Gold sales reported above represent revenue generated from external customers. There were no inter-segment gold sales during the years ended 31 December 2023 and 2022.

Reconciliation of capital expenditures to the property plant and equipment additions (note 12) is presented below:

	Year ended 31 December	
	2023	2022
Capital expenditures	**1,040**	**1,119**
Stripping activity assets additions (note 12)	**235**	307
Less: intangible and other non-current assets additions	**(23)**	(48)
Property plant and equipment additions (note 12)	**1,252**	**1,378**

6. COST OF GOLD SALES

	Year ended 31 December	
	2023	2022
Depreciation and amortisation	**766**	634
Consumables and spares	**385**	414
Employee compensation	**366**	468
Mineral extraction tax	**309**	223
Fuel	**149**	184
Power	**75**	81
Other	**75**	217
Total cost of production	**2,125**	**2,221**
Increase in stockpiles, gold-in-process and refined gold inventories	**(499)**	(433)
Total	**1,626**	**1,788**

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2023	2022
Employee compensation	**247**	258
Depreciation and amortisation	**47**	41
Distribution expenses related to gold flotation concentrate	**21**	1
Taxes other than mineral extraction tax and income taxes	**18**	24
Professional services	**18**	26
Other	**75**	50
Total	**426**	**400**

8. OTHER EXPENSES

	Year ended 31 December	
	2023	2022
Charitable contributions	**85**	81
Impairment of property, plant and equipment	**22**	5
Loss / (gain) on disposal of property, plant and equipment and intangible assets	**15**	(2)
Other	**-**	14
Total	**122**	**98**

9. FINANCE COSTS

	Year ended 31 December	
	2023	2022
Interest on borrowings	**355**	217
Interest on lease liabilities	**10**	11
Unwinding of discounts	**6**	8
Total costs	**371**	**236**
Gain on exchange of interest payments under cross currency swaps	**(29)**	(56)
Bank commission and write-off of unamortised debt cost due to early extinguishment	**-**	(1)
Gain on debt modification	**(28)**	-
Total gain	**(57)**	**(57)**
Net finance costs	**314**	**179**

10. (LOSS) / GAIN ON REVALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS AND INVESTMENTS

	Year ended 31 December	
	2023	2022
Revaluation (loss) / gain on cross currency swaps	**(378)**	285
Realised loss on currency forward	**(279)**	-
Gain on disposal of subsidiaries	**63**	-
Other	**(6)**	(35)
Total	**(600)**	**(250)**

Disposal of subsidiaries

In 2023, the Group sold 100 percent participation interest in several subsidiaries which holds the licenses for exploration activities for a total consideration of USD 68 million (net of cash disposed), recognising a gain on disposal of USD 63 million.

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

11. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES

Income tax expense was as follows:

	Year ended 31 December	
	2023	2022
Current tax expense	**502**	217
Deferred tax (benefit) / expense	**(102)**	128
Total income tax expense	**400**	**345**

The corporate income tax rate in the Russian Federation is 20% (17% regional and 3% federal).

The taxpayers in Russia have a right to apply reduced rates of mineral extraction tax (MET) and income tax if they implement a regional investment projects in certain regions and meet certain criteria (thereafter "RInvP").

The Tax Code provides for a right of each specified region of the Russian Federation to reduce the regional component of the income tax rate to as low as zero percent.

Blagodatnoye business unit RInvP

Blagodatnoye business unit is undertaking an investment project to increase mining and processing facilities of the Blagodatnoye mine (Mill-5 project). According to the Directive of the Government of the Krasnoyarsk region Blagodatnoye business unit was included in the register of the participants of RInvP starting from 2021. As a result, the subsidiary has been granted a right to apply reduced corporate income tax rates in relation to the Mill-5 project income and reducing MET coefficients in relation to minerals extracted under the Mill-5 project.

Considering the expected start of production under the Mill-5 project, Blagodatnoye business unit expects to apply the following reduced tax rates:

- MET: 0% for 2025-2026 increasing by 1.2% every two years thereafter to 6%;
- Corporate income tax: 5% for 2025-2028; and the standard 20% rate thereafter.

The amount of tax savings should not exceed the amount of investments in Mill-5 project.

Natalka business unit RInvP

Natalka business unit operating in the Magadan region of the Russian Federation, applies the following RInvP rates:

- MET: 0% for 2020 increasing by 1.2% every two years thereafter to 6% by 2029;
- Corporate income tax: 0% for 2020-2023; 10% for 2024-2028; and the standard 20% rate thereafter.

The amount of tax savings should not exceed the amount of investments in regional investment project.

In August 2023, the new Federal law of one-off additional tax was enacted (“windfall tax”), which is applicable to the several subsidiaries of the group. The tax base is defined as an excess of the average taxable profit for 2021-2022 over the average taxable profit for 2018-2019 and the tax rate is 10%. The windfall tax shall be payable until the end of January 2024. The group uses tax deduction in the amount of advance payments which were transferred in the fourth quarter 2023, as a result the effective rate of windfall tax was 5%.

A reconciliation of Russian Federation statutory income tax, the location of the group’s major production entities and operations, to the income tax expense recorded in the published consolidated statement of profit or loss is as follows:

	Year ended 31 December	
	2023	2022
Profit before income tax	**2,129**	1,892
Income tax at statutory rate applicable to principal entities (20%)	**426**	378
Effect of the RinvP due to different tax rates (Natalka business unit)	**(66)**	(49)
Windfall tax	**30**	-
Tax effect of non-deductible expenses and other permanent differences	**10**	16
Income tax expense	**400**	**345**

The movement in the group’s deferred taxation position was as follows (tax assets are presented as negative amounts, tax liabilities – as positive):

	Year ended 31 December	
	2023	2022
Net deferred tax liability at the beginning of the year	**353**	227
Recognised in the published consolidated statement of profit or loss	**(102)**	128
Acquisition of Chulbatkan	**-**	(4)
Effect of translation to presentation currency	**(63)**	2
Net deferred tax liability at the end of the year	**188**	**353**

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

Deferred taxation is attributable to tax losses carried-forward and the temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes and was as follows:

	31 December 2022	Recognised in profit or loss	Effect of translation to presentation currency	**31 December 2023**
Property, plant and equipment	510	(34)	(103)	**373**
Inventory	199	82	(57)	**224**
Borrowings	(17)	(77)	16	**(78)**
Deferred expenditure	4	(1)	-	**3**
Tax losses carried-forward	(300)	(8)	66	**(242)**
Trade and other payables	(23)	6	4	**(13)**
Intangible assets	1	-	-	**1**
Derivatives	(17)	(75)	15	**(77)**
Other	(4)	5	(4)	**(3)**
Net deferred tax liability	**353**	**(102)**	**(63)**	**188**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) as they are presented in the published consolidated statement of financial position:

	31 December	
	2023	2022
Deferred tax assets	**(71)**	(115)
Deferred tax liabilities	**259**	468
Net deferred tax liability	**188**	**353**

Unrecognised deferred tax asset

	31 December	
	2023	2022
Unrecognised deferred tax assets resulting from losses on derivative financial instruments	**161**	197
Unrecognised deferred tax assets resulted from impairments	**4**	5
Unrecognised deferred tax assets in respect of tax losses carried forward available for offset against future taxable profit	**11**	6
Total	**176**	**208**

Unrecognised deferred tax liability

	31 December	
	2023	2022
Taxable temporary difference associated with investments in subsidiaries	**130**	135

Deferred tax liability for the taxable temporary difference associated with investments in subsidiaries is not recognised because the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The group does not recognise deferred tax assets for some of its tax losses if it is more likely than not that the future taxable profits will not be available to offset them in certain group entities.

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

12. PROPERTY, PLANT AND EQUIPMENT

	Fixed assets	Stripping activity assets	Capital construction in progress and equipment not installed	Exploration and evaluation assets	Total
Cost	4,727	1,064	718	692	**7,201**
Accumulated depreciation and impairment	(2,137)	(217)	(31)	(27)	**(2,412)**
Net book value at 31 December 2021	**2,590**	**847**	**687**	**665**	**4,789**
Additions	-	307	913	158	**1,378**
Acquisition of subsidiaries (note 24)	-	–	–	132	**132**
Transfers	610	–	(609)	(1)	**–**
Disposals	(4)	–	(9)	(1)	**(14)**
Depreciation charge	(503)	(247)	(1)	–	**(751)**
Impairment	(1)	–	(2)	-	**(3)**
Effect of translation to presentation currency	133	65	14	(1)	**211**
Other	21	-	3	-	**24**
Cost	5,420	1,311	1,029	984	**8,744**
Accumulated depreciation and impairment	(2,574)	(339)	(33)	(32)	**(2,978)**
Net book value at 31 December 2022	**2,846**	**972**	**996**	**952**	**5,766**
Additions	7	235	843	167	**1,252**
Disposal of subsidiaries	–	–	–	(19)	**(19)**
Transfers	397	–	(396)	(1)	**-**
Disposals	(14)	–	(3)	–	**(17)**
Depreciation charge	(462)	(405)	–	–	**(867)**
Reversal of impairment/(impairment)	-	–	(17)	(2)	**(19)**
Effect of translation to presentation currency	(595)	(204)	(228)	(207)	**(1,234)**
Other	32	-	1	4	**37**
Cost	4,525	1,202	1,235	919	**7,881**
Accumulated depreciation and impairment	(2,314)	(604)	(39)	(25)	**(2,982)**
Net book value at 31 December 2023	**2,211**	**598**	**1,196**	**894**	**4,899**

As of 31 December 2023, the carrying value of rights-of-use assets were included in fixed assets in the amount of USD 77 million (31 December 2022: USD 87 million).

The carrying values of mineral rights included in fixed assets and exploration and evaluation assets were as follows:

	31 December	
	2023	2022
Mineral rights presented within fixed assets	**39**	53
Mineral rights presented within exploration and evaluation assets	**295**	375
Total	**334**	**428**

The carrying values of exploration and evaluation assets were as follows:

	31 December	
	2023	2022
Sukhoi Log	564	577
Chulbatkan	104	115
Olimpiada	44	51
Chertovo Koryto	31	37
Razdolinskoye	28	35
Kuranakh	27	18
Burgakhchan area	21	26
Panimba	19	17
Blagodatnoye	15	13
Natalka	11	17
Other	30	46
Total	**894**	**952**

The amount of cash used in purchasing of exploration and evaluation assets were USD 162 million for the year ended 31 December 2023 (for the year ended 31 December 2022: USD 159 million).

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

Depreciation and amortisation charges are allocated as follows:

	31 December 2023	31 December 2022
Depreciation in change in inventory	**337**	234
Capitalised within property, plant and equipment and other assets	**75**	92
Less: amortisation of intangible and other non-current assets	**(29)**	(24)
Total depreciation capitalised as part of other assets	**383**	**302**
Depreciation and amortisation within cost of production (note 6)	**766**	634
Less: depreciation in change in inventory	**(337)**	(234)
Selling, general and administrative expenses (note 7)	**47**	41
Cost of other sales	**8**	8
Total depreciation in profit or loss	**484**	**449**
Total depreciation of property, plant and equipment	**867**	**751**

13. INVENTORIES

	31 December 2023	31 December 2022
Stockpiles	**957**	758
Gold-in-process	**61**	48
Inventories expected to be used after 12 months	**1,018**	**806**
Stockpiles	**291**	350
Gold-in-process	**176**	158
Antimony in gold-antimony flotation concentrate and silver	**22**	11
Refined gold and gold in flotation concentrate	**10**	33
Materials and supplies	**455**	478
Less: obsolescence provision for materials and supplies	**(29)**	(24)
Inventories expected to be used in the next 12 months	**925**	**1,006**
Total	**1,943**	**1,812**

The carrying value of long-term stockpiles was as follows:

	31 December 2023	31 December 2022
Olimpiada	**332**	108
Blagodatnoye	**219**	183
Natalka	**168**	217
Verninskoye	**123**	125
Kuranakh	**64**	59
Titimukhta	**34**	43
Other long-term ore	**17**	23
Total long-term stockpiles	**957**	**758**

As of 31 December 2023, the group recognised the write-down of long-term stockpiles to net realisable value in the amount of USD 141 million, including USD 133 million - for the Natalka field, USD 2 million - for the Blagodatnoye field and USD 6 million – for the Sukhoi Log field (31 December 2022: USD 106 million, including USD 95 million - for the Natalka field, USD 4 million – for the Blagodatnoye field and USD 7 million - for the Sukhoi Log field).

14. RECEIVABLES

	31 December 2023	31 December 2022
Trade receivables for gold-bearing products	**86**	8
Other receivables	**53**	48
Less: expected credit losses for other receivables	**(9)**	(10)
Total trade and other receivables	**130**	**46**
Reimbursable value added tax	**129**	138
Other prepaid taxes	**1**	1
Total taxes receivable	**130**	**139**

As of 31 December 2023, Advances paid to suppliers and prepaid expenses included advances for materials and supplies in amount of USD 92 million (31 December 2022: USD 81 million).

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

15. CASH AND CASH EQUIVALENTS

	31 December	
	2023	2022
Current and brokerage RUB accounts	**8**	19
Current and brokerage USD accounts	**-**	41
Current and brokerage accounts in other currencies	**262**	487
Bank deposits denominated in RUB	**232**	155
Bank deposits denominated in other currencies (primarily CNY)	**1,209**	588
Other cash equivalents	**-**	27
Total	**1,711**	**1,317**

The weighted average interest rate on bank deposits as of 31 December 2023 was 5.09% (31 December 2022: 2.58%).

16. SHARE CAPITAL AND RESERVES

Number of outstanding ordinary shares of the Company were 94,625 thousand at par value of RUB 1 each as of 31 December 2023.

Equity-settled share-based compensation (long-term incentive plan)

PJSC Polyus grants long-term incentive awards according to which the members of management of the group are entitled to a conditional award in the form of PJSC Polyus' ordinary shares, which vest upon achievement of financial and non-financial performance targets on expiry of performance periods. Expenses arising from the LTIP are recognised in the published consolidated statement of profit or loss within Selling, general and administrative expenses.

The group made payment of LTIP in cash in March 2023.

Dividends

No dividends have been declared during year ended 31 December 2023 and 2022.

Share buyback

In July 2023, the group approved programme to purchase shares up to 40,802,741 ordinary shares of the Company (29.99% of total ordinary shares), reflecting maximum amount of transaction of RUB 579,399 million. In August 2023, the group completed the programme and acquired 40,799,587 of the Company's ordinary shares in the amount of RUB 579,429 million (USD 6,360 million, including costs, related to the programme in the amount of USD 1 million).

During the year ended 31 December 2022, the group completed an open market share buyback programme and acquired 70 thousand of the Company's ordinary shares in the amount of USD 8 million.

Weighted average number of ordinary shares

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share ("EPS") is as follows (in thousands of shares):

	Year ended 31 December	
	2023	2022
Weighted average number of ordinary shares in issue – basic EPS	**116,356**	**135,354**
Dilutive effect of potentially issuable shares under LTIP	**500**	674
Weighted average number of ordinary shares in issue – diluted EPS	**116,856**	**136,028**
Profit after tax attributable to the shareholders of the Company for basic and diluted EPS calculation (million USD)	**1,729**	1,548
Basic EPS (US Dollar per share)	**14.86**	11.44
Diluted EPS (US Dollar per share)	**14.80**	11.38

17. BORROWINGS

As of 31 December 2023, borrowings were as follows:

		31 December	
	Currency	**2023**	2022
Eurobonds due in 2024 with interest rate 4.7%	USD	**321**	322
Yuan-denominated bonds due in 2027 with interest rate 3.8%	CNY	**644**	645
Eurobonds due in 2028 with interest rate 3.25%	USD	**687**	687
Notes due in 2028 with interest rate 10.4%	RUB	**222**	-
Notes due in 2029 with noteholders' early repayment option in 2024			
with interest rate 7.4%	RUB	**223**	284
Credit facilities with financial institutions	RUB / CNY	**6,464**	1,149
Lease liabilities	RUB	**92**	104
Eurobonds due in 2023 with interest rate 5.25%	USD	**-**	330
Sub-total		**8,653**	**3,521**
Less: current portion of long-term borrowings due within 12 months		**(649)**	(348)
Long-term borrowings		**8,004**	**3,173**

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

As of 31 December 2023, borrowings interest rates were as follows:

	31 December	
	2023	2022
Fixed interest rate	**7,303**	3,394
Variable interest rate	**1,350**	127
Total	**8,653**	**3,521**

The weighted average interest rate on credit facilities with financial institutions as of 31 December 2023 was 7.19% (31 December 2022: 8.15%). The weighted average interest rate on lease liabilities as of 31 December 2023 was 12% (31 December 2022: 11%).

Eurobonds with fixed interest rate due in 2023

In February 2023, the group transferred the funds earmarked for coupon payments due in August 2022 and February 2023 as well as principal payment for these Eurobonds (in the amount of USD 330 million) to the principal paying agent and was informed by the principal paying agent that these funds were further transferred by the principal paying agent to the international clearing systems for further distribution to the holders of the Eurobonds whose rights are accounted for within the international clearing systems and thus redeemed these Eurobonds upon their maturity.

Rouble-denominated bonds due in 2028

In February 2023, the group issued rouble denominated bonds in the amount of RUB 20,000 million (USD 268 million) with a coupon rate of 10.4% and maturity date in February 2028.

Credit facilities due in 2024

In July 2023, the group extended the maturity of credit facilities with financial institutions in RUB to April 2029 and switched fixed interest rates to variable interest rates starting from April 2024. Gain on debt modification amounted to USD 28 million.

Unused credit facilities

As of 31 December 2023, the group has unused credit facilities in the total amount of USD 2,328 million (31 December 2022: USD 1,564 million).

Other matters

There were a number of financial covenants under several loan agreements in effect as of 31 December 2023 according to which the respective subsidiaries of the Company and the Company itself are limited in their level of leverage and other financial and non-financial parameters.

In the second half of 2023, the group resolved issues with overdue coupon payments to all holders of the Eurobonds due in 2024 and Eurobonds due in 2028.

As of 31 December 2023, the group was in compliance with all financial and non-financial covenants.

Reconciliation of liabilities arising from financing activities

	Borrowings		Lease		Dividends payable		Derivatives	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Carrying value as of the beginning of the year	**3,417**	**3,188**	**104**	**84**	**7**	**7**	**65**	**268**
Net cash flows	**5,465**	154	**(19)**	(20)	**(1)**	(3)	**(242)**	80
Non-cash changes, including:								
Dividends accrued	**–**	–	**–**	–	**–**	4	**–**	–
Foreign exchange loss	**366**	201	**–**	6	**–**	–	**–**	–
Debt modification	**(28)**	–	**17**	16	**–**	–	**–**	–
Commissions on borrowings and amortisation at effective interest rate	**13**	17	**10**	11	**–**	–	**–**	–
Gain on exchange of interest payments under cross currency swaps	**–**	–	**–**	–	**–**	–	**(29)**	(56)
Gain / (loss) on revaluation of derivative financial instruments	**–**	–	**–**	–	**–**	–	**657**	285
Effect of currency translation	**(672)**	(143)	**(20)**	7	**(2)**	(1)	**(53)**	58
Carrying value as of the end of the year	**8,561**	**3,417**	**92**	**104**	**4**	**7**	**398**	**65**

18. DERIVATIVE FINANCIAL INSTRUMENTS AND INVESTMENTS

As of 31 December 2023, derivative financial instruments and investments were as follows:

	31 December 2023			31 December 2022		
	Non-Current	**Current**	**Total**	Non-Current	Current	Total
Cross currency swaps	**–**	**9**	**9**	7	–	7
Loans receivable	**70**	**38**	**108**	323	61	384
Total derivative financial assets and investments	**70**	**47**	**117**	**330**	**61**	**391**
Cross currency swaps	**74**	**332**	**406**	72	–	72
Total derivative financial liabilities	**74**	**332**	**406**	**72**	**–**	**72**

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

Cross currency swaps

The following terms were in place as of 31 December 2023:

	Nominal			Interest payments		
Expiration date	Group pays (USD million)	Group pays (CNY million)	Group receives (RUB million)	Frequency	Group pays (in USD / CNY)	Group receives (in RUB)
March 2024	125	–	8,225	quarterly	5.04%	8.75%
April 2024	745	–	49,999	quarterly	4.97%	8.13%
October 2024	309	–	20,000	semi-annually	3.23%	7.40%
March 2025	125	–	8,169	quarterly	2.80%	Ruonia – OIS – COMPOUND + 0.88%
February 2028	–	1,842	20,000	semi-annually	4.98%	10.40%

The following terms were in place as of 31 December 2022:

	Nominal		Interest payments		
Expiration date	Group pays (USD million)	Group receives (RUB million)	Frequency	Group pays (in USD)	Group receives (in RUB)
March 2024	125	8,225	quarterly	5.04%	8.75%
April 2024	745	49,999	quarterly	4.97%	8.13%
October 2024	310	20,000	semi-annually	3.23%	7.40%
March 2025	125	8,169	quarterly	2.80%	MosPrime 3m + 0.27%

19. PAYABLES

	31 December	
	2023	2022
Trade payables	**72**	64
Capital expenditures payables	**87**	80
Employee compensation payable	**100**	116
Interest payable	**68**	52
Accrued annual leave	**25**	34
Other accounts payable and accrued expenses	**38**	32
Total trade and other payables	**390**	**378**
Social taxes	**24**	36
Value added tax	**19**	22
Mineral extraction tax	**18**	18
Property tax	**4**	5
Other taxes	**7**	10
Total taxes other than income tax payable	**72**	**91**

20. COMMITMENTS

The land in the Russian Federation on which the group's production facilities are located is owned by the state. The group leases this land through lease agreements, which expire in various years through to 2065. Future lease payments due under lease agreements excluded from IFRS 16 scope were as follows:

	31 December	
	2023	2022
Due within one year	10	13
From one to five years	34	41
Thereafter	62	78
Total	**106**	**132**

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

The group's contracted capital expenditure commitments are as follows:

	31 December	
	2023	2022
Projects in Krasnoyarsk	**208**	384
Project Sukhoi Log	**175**	60
Project Natalka	**87**	132
Project Kuranakh	**80**	46
Project Verninskoye	**12**	43
Other capital commitments	**55**	24
Total	**617**	**689**

21. OPERATING ENVIRONMENT

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by geopolitical factors, political environment in the country, the fiscal and monetary policies adopted by the government, together with developments in the legal and regulatory environment. Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

On 21 February 2022, the President of Russia signed the executive orders on the recognition of the Donetsk People's Republic and the Lugansk People's Republic. On 24 February 2022, a decision to carry out a special military operation in Ukraine was announced. In response to these events, the US, UK, EU and other countries have significantly extended sanctions on the Russian Federation, public authorities, officials, businessmen and companies. This resulted in reduced access of the Russian businesses to international capital, import and export markets, decline in capitals markets, drop in GDP and other negative economic consequences. On 21 July 2022, in addition to previously imposed restrictions, the EU and UK banned the import of gold produced in Russia. On 21 September 2022, the President of Russia signed the executive order on partial military mobilization of citizens. On 16 December 2022, the EU banned investments in the Russian mining industry and the supply of various equipment, including industrial. Amidst ongoing events, the group took necessary actions, including expansion of the distribution channels, searching of new suppliers, transfer of cash and cash equivalents to non-sanctioned banks and other. There is a risk of future extensions of sanctions.

On 19 May 2023, the Department of the Treasury's Office of Foreign Assets Control ("OFAC") published a document imposing sanctions targeting the Company, certain members of management and several subsidiaries. According to General License issued by OFAC, inter alia the equity and debt holders of the Company have to wind down their operations involving the Company until 17 August 2023. The UK and Australia also announced sanctions against the Company on 19 May 2023. The group considers all sanctions imposed on the Company as unjustified. The Company will thoroughly examine the relevant authorities' decisions and the prospect of opposing the sanctions by all legal means.

The group analyses an impact of announced restrictive measures and takes necessary actions to maintaining its operations as normal, delivering on operational goals and proceeding with organic development of its asset portfolio, including reconfiguration of the distribution channels, searching of new suppliers and other. Although the group has started transition to alternative suppliers, full replacement of suppliers who left the Russian market may take a considerable time and involves additional costs and rescheduling of certain investment projects and capital commitments.
The group also cancelled the listing of the Company's GDRs on 25 July 2023 (Note 1).

There is still a high level of uncertainty regarding the impact of possible subsequent changes in the economic situation and the imposed sanctions on future operations and financial position of the group.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, current trade and other receivables and accounts payable approximate their fair value given the short-term nature of these instruments. Non-current other receivables are discounted at discount rates derived from observable market input data. Trade receivables for gold-bearing products are carried at fair value through profit or loss (Level 2 of the fair value hierarchy in accordance with IFRS 13).

The fair value of cross-currency swaps is determined using a discounted cash flow valuation technique and is based on inputs (spot currency exchange rates, USD, CNY and RUB interest rates), which are observable in the market and are classified as Level 2 of the fair value hierarchy in accordance with IFRS 13.

Borrowings and deferred consideration are carried at amortised cost. The fair value of the group's borrowings excluding lease liabilities is estimated as follows:

	31 December 2023		31 December 2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Borrowings (Level 2)	**6,464**	**7,733**	1,149	1,288
Eurobonds (Level 2)	**1,008**	**951**	1,339	1,304
Yuan-denominated bonds (Level 1)	**644**	**607**	645	628
Rouble-denominated bonds (Level 1)	**445**	**426**	284	281
Total	**8,561**	**9,717**	**3,417**	**3,501**

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

The fair value of all of the group's borrowings and Eurobonds is within Level 2 of the fair value hierarchy in accordance with IFRS 13. The fair value of borrowings is determined using a discounted cash flow valuation technique; the discount rate valuation is determined by reference to the group's traded Rouble-denominated bonds. The fair value of the Eurobonds is determined using a cash flow valuation technique and is based on inputs (Russian government Eurobond yield, company's own credit risk), which are observable in the market and are classified as Level 2 of the fair value hierarchy in accordance with IFRS 13. The fair value of the Rouble-denominated bonds and Yuan-denominated bonds is within Level 1 of the fair value hierarchy in accordance with IFRS 13, because the Rouble-denominated bonds and Yuan-denominated bonds are publicly traded in an active market.

23. FINANCIAL INSTRUMENTS RISK MANAGEMENT ACTIVITIES

Capital risk management

The primary objective of managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, including capital expenditure, in a way that optimises the cost of capital and ensures that the group remains in a sound financial position.

As a result of share buyback conducted in July-August 2023, the group's net assets turned negative. The group assesses this event as temporary and expects it to be resolved during the next 1-2 years.

The group manages and adjusts the capital structure as opportunities arise in the marketplace, as and when borrowings mature or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. There were no changes in the Dividend policy of the group during year ended 31 December 2023. The level of dividends is monitored by the Board of Directors of the group in accordance with the Dividend policy of the group.

In the capital management process the group utilises various financial metrics including the ratio of group Net Indebtedness to Adjusted EBITDA ("group Leverage Ratio"). The group recognizes that group Leverage Ratio should not exceed 3.5 times as per the Terms and Conditions of the Notes (Eurobonds). As of 31 December 2023 the group Leverage ratio was 1.9 times (31 December 2022: 0.9 times).

"Group Net Indebtedness" is defined in the Terms and Conditions of the Notes (Eurobonds) as all consolidated Indebtedness less cash and cash equivalents, as shown on the Published consolidated Financial Statements of the group. Indebtedness is defined as the sum of any moneys borrowed, any principal amount raised by acceptance under any acceptance credit facility, any principal amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, any principal amount raised under any other transaction having the economic or commercial effect of a borrowing and the amount of any liability in respect of the guarantee or indemnity.

There were no significant changes in the group's approach to capital management during the year.

Major categories of financial instruments

The group's principal financial liabilities comprise borrowings, derivative financial instruments and account payables. The main purpose of these financial instruments is to finance the group's operations. The group has various financial assets such as cash and cash equivalents, trade and other receivables, derivative financial instruments and loans receivable.

	31 December	
	2023	2022
Financial assets measured at fair value through profit or loss (FVPL)		
Derivative financial instruments (Level 2)	**9**	7
Trade receivables (Level 2)	**86**	8
Financial assets measured at amortised cost		
Trade and other receivables	**54**	57
Loans receivable	**108**	384
Cash and cash equivalents	**1,711**	1,317
Total financial assets	**1,968**	**1,773**
Financial liabilities measured at fair value through profit or loss (FVPL)		
Derivative financial instruments (Level 2)	**406**	72
Financial liabilities measured at amortised cost		
Borrowings	**8,653**	3,521
Payables	**372**	359
Total financial liabilities	**9,431**	**3,952**

The fair value of the group's financial instruments and levels of fair value hierarchy are disclosed in note 22. The main risks arising from the group's financial instruments are gold price, interest rate, foreign currency exchange rates, credit and liquidity risks.

Gold price risk

The group is exposed to changes in the gold price due to its significant volatility.

If the gold price was 10% higher / lower during the year ended 31 December 2023 profit for the year would have increased / decreased by USD 390 million / USD 390 million, respectively (2022: USD 350 million / USD 350 million).

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

Interest rate risk

Interest expenses on borrowings issued at variable interest rates are for the most part effectively converted into fixed-rate interest payments using cross-currency swaps; the group is not materially exposed to interest rate risk.

Credit risk

Credit risk is the risk that a customer may default or not meet its obligations to the group on a timely basis, leading to financial losses to the group. Credit risk arises from cash, cash equivalents and deposits kept with banks, derivative agreements, loans issued, advances paid and other receivables.

In order to mitigate credit risk, the group conducts its business with creditworthy and reliable counterparties, and minimises advance payments, actively uses guarantees, letters of credit and other instruments for trade finance to decrease risks of non-payment. The group employs a methodology for in-house financial analysis of banks and non-banking counterparties, which is used during new agreements with counterparties.

The group's credit risk profile is regularly monitored by management in order to avoid undesirable increases in risk, to limit concentration of credit and to ensure compliance with the above mentioned policies and procedures. Deposits, current bank accounts and derivative financial instruments are held with major Russian banks, with reasonable and appropriate diversification, which decreases concentration risk by spreading the credit risk exposure across several top rated banks.

Published credit ratings of banks (or their parent companies) in which the group held cash and cash equivalents are presented as follows:

	31 December	
	2023	2022
Investment grade rating	**607**	281
Non-investment grade rating	**1,104**	1,009
No external rating	**-**	27
Total cash and cash equivalents	**1,711**	**1,317**

Investment grade rating is classified as AAA(RU) for ACRA and ruAAA for Expert RA. As of 31 December 2023, 35% of cash and cash equivalents was held in bank with investment grade ratings (31 December 2022: 33% and 32% in two banks with investment grade ratings).

Although the group sells more than 70% of the total gold sales to several major customers, the group is not economically dependent on these customers because of the high level of liquidity in the gold commodity market. A substantial portion of gold sales are made on advance payment or immediate payment terms, therefore the credit risk related to trade receivables is minimal.

As of 31 December 2023, trade receivables for gold bearing products sales were USD 86 million (31 December 2022: USD 8 million).

Gold sales to the group's major customers are presented as follows:

	31 December	
	2023	2022
Largest customer	**980**	624
2-5 largest customers	**2,253**	1,292
Next 5 largest customers	**850**	1,038
Total 10 largest customers	**4,083**	**2,954**
Remaining customers	**1,258**	1,218
Total	**5,341**	**4,172**

Liquidity risk

Liquidity risk is the risk that the group will not be able to settle all liabilities, as they are due. The group's liquidity position is carefully monitored and managed. The group manages liquidity risk by maintaining detailed budgeting and cash forecasting processes and matching the maturity profiles of financial assets and liabilities to help ensure that it has adequate cash available to meet its payment obligations.

The group's cash management procedures include medium-term forecasting (a budget approved each financial year and updated on a quarterly basis) and short-term forecasting (monthly cash-flow budgets are established for each business unit and a review of each entity's daily cash position is performed using a two-week rolling basis).

Presented below is the maturity profile of the group's financial liabilities as of 31 December 2023 based on undiscounted contractual cash payments, including interest payments and derivatives:

	Borrowings and derivatives				
	Principal	Interest	Payables	Lease liabilities	**Total**
Due in the first year	311	589	372	16	**1,288**
Due in the second year	14	534	–	15	**563**
Due in the third year	-	532	–	14	**546**
Due in the fourth year	645	532	–	13	**1,190**
Due in the fifth year	6,472	324	–	12	**6,808**
Due in more than six years	814	32	–	135	**981**
Total	**8,256**	**2,543**	**372**	**205**	**11,376**

Notes to the published consolidated financial statements for the year ended 31 December 2023 (continued)

(in millions of US Dollars)

Presented below is the maturity profile of the group's financial liabilities as of 31 December 2022 based on undiscounted contractual payments, including interest payments and derivatives:

	Borrowings and derivatives				
	Principal	Interest	Payables	Lease liabilities	**Total**
Due in the first year	341	141	359	18	**859**
Due in the second year	1,807	96	–	18	**1,921**
Due in the third year	31	47	–	17	**95**
Due in the fourth year	-	47	–	15	**62**
Due in the fifth year	647	47	–	13	**707**
Due in more than six years	690	23	–	152	**865**
Total	**3,516**	**401**	**359**	**233**	**4,509**

The maturity of the derivative financial instruments is presented within note 18.

24. ACQUISITION OF SUBSIDIARIES

The basis of distribution of accumulated retained earnings for companies operating in the Russian Federation is defined by legislation as the current year net profit of the company, as calculated in accordance with Russian accounting standards. However, the legislation and other statutory laws and regulations dealing with profit distribution are open to legal interpretation and accordingly management believes at present it would not be appropriate to disclose an amount for distributable profits and reserves in these published consolidated financial statements.

Acquisition of Chulbatkan

In June 2022, following the completion of sale by Kinross Gold Corporation of 100 percent of its Russian assets to the Highland Gold Mining group of companies the group acquired 100 percent participation interests in Udinsk Gold Limited Liability Company and Berill Gold Limited Liability Company from the Highland Gold Mining group of companies for total consideration of USD 140 million and customary adjustments of USD 17 million paid. The acquisition was considered as a bargain purchase, resulting in a gain in the amount of USD 3 million recognised for the year ended 31 December 2022 in the published consolidated statement of profit or loss. In accordance with IFRS 3 the group preliminary assessed amounts of fair values of the identified assets and liabilities of the acquired companies at the acquisition date as of 31 December 2022. In addition, the adjustments to the provisional amounts of USD (6) million and to the customary adjustments of total consideration in the amount of USD 7 million were recognised retrospectively for the year ended 31 December 2022 in the published consolidated statement of profit or loss due to the end of the measurement period in June 2023.

Acquired companies give the group 100 percent stake in the Chulbatkan gold deposit, a high-grade greenfield project located in the Khabarovsk region of the Russian Far East. The fair value amounts of the identified assets and liabilities of the acquired companies at the acquisition date are presented as follows:

	Fair value amounts at the acquisition date
Property, plant and equipment	132
Non-current inventories	5
Deferred tax assets	5
Trade and other receivables	9
Taxes receivable	5
Cash and cash equivalents	7
Taxes payable	(2)
Trade and other payables	(1)
Total identifiable net assets	**160**
Cash consideration paid	(150)
Payables recognised in trade and other payables	(7)
Total consideration	**(157)**
Gain on acquisition of subsidiaries	**3**

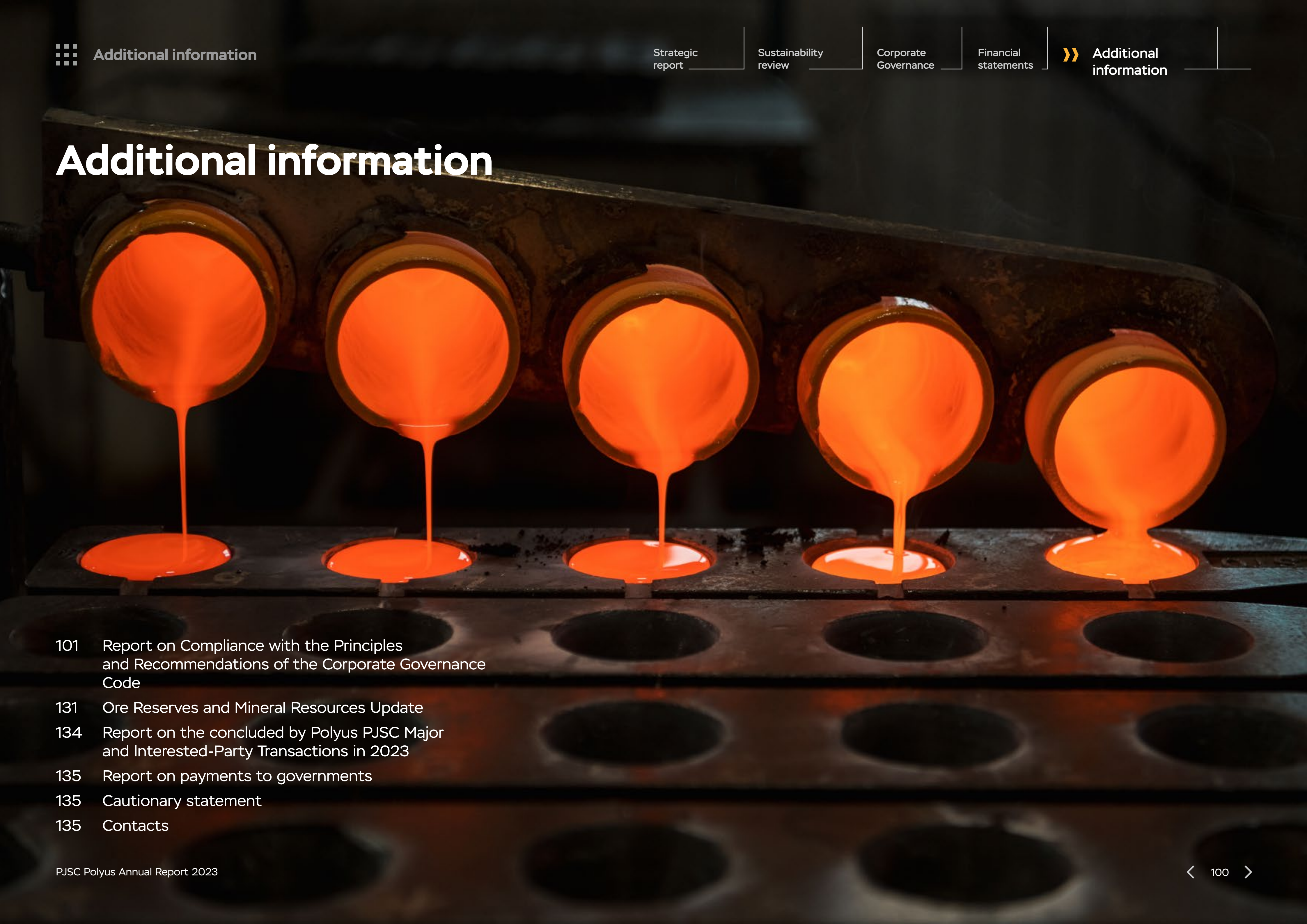
The fair value amount of identifiable net assets is determined based on discounted future cash flows of the acquired companies. Factors, which affected these cash flows, include:

- Gold prices and exchange rates;
- Capital and operating expenditure; and
- Available reserves and resources and future production profile.

25. EVENTS AFTER THE REPORTING DATE

In January 2024, the group has completed a debut issuance of 5.5-year gold bonds at a coupon rate of 3.10% per annum. The issue size amounted to RUB 15,000 million (USD 167 million), or approximately 2.6 tonnes in gold volumes. Par value of each gold bond is equivalent to one gramme of gold in monetary value. The monetary par value will be calculated in Russian roubles based on the reference price for gold set by the Bank of Russia.

In February 2024, in compliance with the terms of the Eurobonds due 2024 (hereinafter "Eurobonds") and current requirements of Russian legislation, the group transferred RUB-denominated funds earmarked for the last coupon payment, as well as principal payment with respect to Eurobonds, to the holders of Eurobonds whose rights are accounted within the Russian custodian infrastructure. Furthermore, pursuant to the terms of the Eurobonds and in accordance with the instructions received from the Trustee, the group transferred RUB-denominated funds for the last coupon payment and principal payment under the Eurobonds for onward payment to the holders of the Eurobonds whose rights are accounted in foreign depositories. Following the exercise of the above transfers of funds (principal payment in the total amount of USD 321 million), the group confirms the fulfillment of its obligations with respect to all holders of the Eurobonds in accordance with the applicable terms and conditions of the Eurobonds.



Additional information

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code

This Report on Compliance with the Principles and Recommendations of the Corporate Governance Code recommended by Letter of the Bank of Russia #06-52/2463 dated 10 April 2014 (the "Corporate Governance Code" or the "Code") was reviewed by the Board of Directors of Polyus PJSC (the "Board of Directors" and the "Company", respectively) at the meeting held on 28 April 2024 (Minutes #06-24/SD dated 28 April 2024).

The Company's Board of Directors' statement of compliance with the corporate governance principles set out in the Corporate Governance Code

In its operations, Polyus PJSC adheres to best practice in corporate governance supported by the principles and recommendations outlined in the Corporate Governance Code. The Board of Directors hereby confirms its commitment to the highest corporate governance requirements, which reflects the Company's general approach and policy in this area.

The Board of Directors certifies that data in this Report on Compliance with the Principles and Recommendations of the Code contain full and reliable information on compliance by the Company with the principles and recommendations of the Corporate Governance Code in the reporting year.

The methodology for assessing compliance with the corporate governance principles is based on the Recommendations on Preparation of the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (Appendix 1 to Letter of the Bank of Russia #IN-06-28/102, On Disclosure of Compliance with the Principles and Recommendations of the Corporate Governance Code in the Annual Report of a Public Joint Stock Company, dated 27 December 2021).

A brief overview of the core aspects of the corporate governance model and practice adopted by Polyus PJSC

The corporate governance model in place at the Company is based on the standards and principles of corporate governance best practice and fully meets the requirements of Russian laws.

In addition, Polyus PJSC, as an issuer whose shares are included in the first level quotation list of securities admitted to trading on the Moscow Exchange, makes every effort to comply throughout its operations with all the requirements for the corporate governance system imposed, in particular, by the Moscow Exchange.

It should be noted that one of the key principles underlying the corporate governance model is its efficiency, which is ensured, among other things, by utmost respect of the interests of stakeholders, including primarily shareholders as well as investors, the government, and other stakeholders.

The adopted system of information disclosure in line with legal requirements properly ensures notification of all the above mentioned stakeholders about the financial and business performance of Polyus PJSC.

The crucial component of the corporate governance model of Polyus PJSC is the established balanced risk management and internal control system, with the Company's internal documents clearly delineating responsibilities between relevant functions.

The implementation of the above principles, among other things, ensures easier access to capital markets for the Company with an option to attract resources on favorable terms, which ultimately has a positive impact on the Company's financial and business performance and shareholder value.

For more information on the governance bodies and the main aspects of their activities in the reporting period, see the relevant sections of the Annual Report of Polyus PJSC.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1	**The company shall ensure fair and equitable treatment of all shareholders in exercising their rights to participate in the governance of the company**			
1.1.1	The company shall ensure the most favorable conditions for its shareholders to participate in the general meeting, develop an informed position on items on the agenda of the general meeting, coordinate their actions, and voice their opinions on items reviewed	1. The company provides accessible means of communication with the company, such as a hotline, e-mail, or online forum, to enable shareholders to voice their opinions and send questions on the agenda in preparation for the general meeting. These communication channels were organized and provided to shareholders in the course of preparation for each general meeting held in the reporting period.	Full	
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting shall enable shareholders to properly prepare for attending the general meeting	1. In the reporting period, the notice of an upcoming general meeting of shareholders was posted (published) on the corporate website at least 30 days prior to the date of the general meeting, unless required to do so earlier by applicable laws. 2. The notice of a meeting indicates the documents required for admission. 3. Shareholders were given access to the information on who proposed the agenda items and candidates to the company's board of directors and the audit commission (in cases when the company's charter provides for the establishment of the same).	Full	
1.1.3	In preparation for the general meeting and during the general meeting, shareholders shall be enabled to receive information about, and all materials related to, the meeting, put questions to executive bodies and members of the board of directors, as well as communicate with each other, in an unobstructed and timely manner	1. In the reporting period, shareholders were given an opportunity to put questions to members of executive bodies and members of the board of directors in advance of and during the general meeting. 2. The position of the board of directors (including dissenting opinions (if any) entered in the minutes) on each item on the agenda of general meetings held in the reporting period was included in the materials for the general meeting. 3. The company gave duly authorized shareholders access to the list of persons entitled to participate in the general meeting, as from the date when such list was received by the company, in all instances of general meetings held in the reporting period.	Full	
1.1.4	Shareholders shall not encounter unjustified difficulties in exercising their right to request that a general meeting be convened, to nominate candidates to governance bodies, and to make proposals for the agenda of a general meeting	1. The company's charter states that shareholders are to make proposals for the agenda of the annual general meeting for at least 60 days after the end of the respective calendar year. 2. In the reporting period, the company did not reject proposals for the agenda or candidates to governance bodies due to misprints or other insignificant flaws in the shareholder's proposal.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1.5	Each shareholder shall be enabled to freely exercise his/her voting right in the simplest and most convenient way	1. The company's charter contains provisions stipulating that an electronic ballot can be filled out on the website stipulated in the notice of the general meeting of shareholders.	Full	
1.1.6	The general meeting procedure established by the company shall equally enable all persons attending the meeting to voice their opinions and ask questions	1. During general meetings of shareholders held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was allocated for reports on, and discussion of, the agenda items, and shareholders were given the opportunity to voice their opinions and ask questions on agenda items. 2. Candidates to the company's governance and control bodies were invited and all due measures were taken to make sure they participate in the general meeting of shareholders at which their nominations were put to vote. Candidates to the company's governance and control bodies present at the general meeting of shareholders were available to answer shareholders' questions. 3. The sole executive body, the officer responsible for accounting, the chairman, or other members of the board of directors' audit committee were available to answer shareholders' questions at general meetings of shareholders held during the reporting period. 4. During the reporting period, the company used telecommunication means to provide shareholders with remote access to general meetings, or the board of directors made a well-grounded decision that no such means were needed (could be used) in the reporting period.	Partial	**Comments on Criteria 1, 2, and 3 (partially complied with):** In 2023, the Company held General Meetings of Shareholders only by absentee voting. Therefore, the Company was unable to fully comply with the above criteria. The option to hold the annual meeting by absentee voting permitted by the legislator in 2023 revealed a number of advantages for the Company, which is primarily reflected in the Company's cash savings on renting the venue for the meeting, paying registrar's fees, entertainment expenses, and other cash expenditures related to holding in-person meetings of shareholders. On top of that, the Company believes that shareholders could also benefit from similar savings; at least, they avoided the cost of travelling to the meeting venue. The Company did not get any objections from shareholders regarding the form of the General Meetings of Shareholders chosen in 2023, same as in previous reporting periods. However, the Company's shareholders are able to contact the Company by telephone or e-mail and by sending registered queries to the Company's postal address at its location and put questions to candidates to the Company's governance bodies, the Company's sole executive body, the officer responsible for accounting in the Company, the Chairman and other members of the Audit Committee of the Board of Directors, including questions they could have asked at in-person meetings of shareholders. Given the described positive impacts of holding the General Meetings of Shareholders in 2023 by absentee voting, the Company sees no risks in non-compliance with the above criteria. **Comment on Criterion 4 (not complied with):** Currently, legislation does not regulate in details the use of telecommunication channels to secure shareholders' remote access to General Meetings. The Company intends to consider this format of General Meetings of Shareholders once the regulatory and legal framework has been established and corresponding recommendations have been issued. The Company analyzed the ratio of the number of shareholders included in each list of persons entitled to participate in General Meetings of Shareholders in previous periods to the number of voting ballots received at the meetings of shareholders held by the Company, along with the number of General Meetings of Shareholders held in previous reporting periods. The Company also monitored the intensity of shareholders' interaction with the Company in the course of preparation for General Meetings of Shareholders. The Company's ability to arrange for shareholders' remote access to General Meetings was taken into account. Based on the information received, the Company's management concluded that it was inexpedient to submit to the Board of Directors for review in the reporting period the matter of using telecommunication means to provide shareholders with remote access to General Meetings of Shareholders. The issuer's management intends to analyze on a regular basis shareholders' needs to exercise their rights by using remote access to General Meetings of Shareholders and to consider the feasibility of using this method and the Company's ability to do so.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.2	**Shareholders have equal and fair rights to share profits of the company by receiving dividends**			
1.2.1	The company has developed and introduced a transparent and clear mechanism for determining the dividend amount and paying dividends	1. The company's dividend policy has been approved by the board of directors and disclosed on the corporate website. 2. If the dividend policy of the company that prepares consolidated financial statements uses figures of the statements to determine the dividend amount, then the respective provisions of the dividend policy shall take into account the consolidated financial statements. 3. Substantiation of the proposed distribution of net profit, including for dividend payout and the company's internal needs, and its assessment for compliance with the company's dividend policy, along with explanations and economic substantiation of such distribution for internal needs in the reporting period, were included in the materials for the general meeting of shareholders, the agenda of which included an item on profit distribution (including payout (announcement) of dividends).	Full	
1.2.2	The company shall not resolve to pay out dividends if such resolution, while formally remaining in line with statutory restrictions, is not economically feasible and may lead to a false representation of the company's performance	1. The company's dividend policy, in addition to statutory restrictions, defines financial/economic circumstances under which the company shall not pay out dividends.	Full	
1.2.3	The company shall not allow the dividend rights of its existing shareholders to be impaired	1. In the reporting period, the company did not take any actions that would lead to the impairment of the dividend rights of its existing shareholders.	Full	
1.2.4	The company shall strive to exclude any ways for its shareholders to receive profit (income) from the company other than dividends and liquidation value	1. During the reporting period, other ways for persons controlling the company to receive profit (income) from the company other than dividends (e.g., using transfer pricing, unjustified provision of services to the company at inflated prices, loans to controlling persons and/or their controlled persons to replace dividends) were not used.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.3	**Corporate governance system and practices ensure equal opportunities for all shareholders owning the same type (class) of shares, including minority and non-resident shareholders, and their equal treatment by the company**			
1.3.1	The company has created conditions for fair treatment of each shareholder by the governance bodies and the company's controlling entities, including conditions ruling out abuse of minority shareholders by major shareholders	1. In the reporting period, persons controlling the company did not abuse the rights of the company's shareholders, there were no conflicts between persons controlling the company and the company's shareholders, and whenever there were any, the board of directors paid due attention to them.	Full	
1.3.2	The company shall not perform actions which lead or may lead to artificial redistribution of corporate control	1. Quasi-treasury shares do not exist or did not participate in voting in the reporting period.	Full	
1.4	**Shareholders are provided with reliable and effective methods for recording their rights in shares, as well as are enabled to freely dispose of their shares without any hindrance**			
1.4.1	Shareholders are provided with reliable and effective methods for recording their rights in shares, as well as are enabled to freely dispose of their shares without any hindrance	1. The processes and terms of provision of the services by the company's registrar meet the requirements of the company and its shareholders and ensure the recording of their rights to shares and exercise of the shareholders' rights in the most effective way.	Full	
2.1	**The board of directors shall carry out the strategic management of the company, establish the basic principles of, and approaches to, setting up a risk management and internal control system in the company, control activities of the company's executive bodies, and perform other key functions**			
2.1.1	The board of directors shall be responsible for passing resolutions related to appointment and removal of executive bodies, including due to their inadequate performance. The board of directors shall also ensure that the company's executive bodies act in accordance with the approved growth strategy and along the company's core lines of business	1. The board of directors has the authority stipulated in the charter to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts. 2. In the reporting period, the nomination (appointments, HR) committee reviewed the matter of alignment between professional qualifications, competencies, and experience of members of executive bodies and current and expected needs of the company in line with its approved strategy. 3. In the reporting period, the board of directors reviewed the report(s) by the sole executive body or members of the collective executive body (if any) on the implementation of the company's strategy.	Full	
2.1.2	The board of directors shall define the main long-term targets of the company's operations, assess and approve its key performance indicators and key business goals, as well as the strategy and business plans for the company's core lines of business	1. In the reporting period, the board of directors reviewed at its meetings matters related to the progress in the implementation of the strategy and its updates, approval of the company's financial and business plan (budget), and consideration of the implementation criteria and performance (including interim criteria and performance) of the company's strategy and business plans.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.1.3	The board of directors shall determine the principles of, and approaches to, organizing a risk management and internal control system in the company	1. The principles of, and approaches to, organizing a risk management and internal control system in the company are defined by the board of directors and set forth in the company's internal documents that define its risk management and internal control policy. 2. In the reporting period, the board of directors approved (revised) the acceptable risk exposure (risk appetite) of the company, or the audit committee and/or risk committee (if any) reviewed whether the matter of revising the company's risk appetite should be submitted to the board of directors for review.	Full	
2.1.4	The board of directors shall define the company's policy on remuneration and/or reimbursement (compensation) of costs incurred by members of the board of directors, executive bodies, and other key executives of the company	1. The company has developed and put in place the policy (policies) on remuneration and/or reimbursement (compensation) of costs incurred by members of the board of directors, executive bodies, and other key executives, approved by the board of directors. 2. In the reporting period, the board of directors reviewed at its meetings matters related to the said policy (policies).	Full	
2.1.5	The board of directors shall play a key role in preventing, identifying, and settling internal conflicts between the company's bodies, shareholders, and employees	1. The board of directors plays a key role in preventing, identifying, and settling internal conflicts. 2. The company has set up a system for identification of transactions involving a conflict of interest, and a set of measures to resolve such conflicts.	Full	
2.1.6	The board of directors shall play a key role in ensuring the company's transparency, the timeliness and completeness of its information disclosure, and unhindered access to the company's documents for shareholders	1. In its internal documents, the company has designated the persons responsible for the implementation of its information policy.	Full	
2.1.7	The board of directors shall control the company's corporate governance practices and play a key role in its significant corporate events	1. In the reporting period, the board of directors reviewed the results of self-assessment and/or external audit of the company's corporate governance practices.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.2	**The board of directors shall be accountable to the company shareholders**			
2.2.1	Information on the performance of the board of directors shall be disclosed and made available to the shareholders	1. The company's annual report for the reporting period includes the information on individual attendance at board of directors and committee meetings. 2. The annual report contains key results of evaluation (self-evaluation) of the board of directors' performance in the reporting period.	Partial	**Comment on Criterion 2 (not complied with):** The Annual Report 2023 does not contain key results of evaluation (self-evaluation) of the Board of Directors' performance since such evaluation (self-evaluation) was not carried out in the reporting period. The Company does not see any risks in the absence of the procedure for evaluation (self-evaluation) of the Board of Directors' performance in the reporting period since the involvement of all members of the Board of Directors in making decisions necessary for the Company shows strong engagement of the Company's Board of Directors in the Company's activities and the Directors' competence as regards the decisions made. On the contrary, the Company praises the performance of the Board of Directors in 2023, especially considering the challenges of increased sanctions pressure on Russian companies in 2023 in general and the sanctions imposed on the Company by the US, UK, and Australian governments from 19 May 2023 in particular as well as the current market conditions and the impact of the shifting economic landscape on the Company's operations. The Company believes that the lack of the practice of evaluation (self-evaluation) of the Board of Directors in the reporting period is temporary, and intends in 2024 to consider resuming the practice of evaluation (self-evaluation) of the Board of Directors. In addition, the Company plans to include in its annual report the key results of evaluation (self-evaluation) of the Board of Directors' performance should such evaluation (self-evaluation) be carried out.
2.2.2	The chairman of the board of directors shall be available to communicate with the company's shareholders	1. The company has in place a transparent procedure enabling shareholders to forward inquiries to the chairman of the board of directors (and, if applicable, to the senior independent director) and receive feedback.	Full	
2.3	**The board of directors shall manage the company in an efficient and competent manner and make fair and independent judgements and decisions in line with the best interests of the company and its shareholders**			
2.3.1	Only persons with impeccable business and personal reputation, possessing the knowledge, skills, and expertise required to make decisions falling within the authority of the board of directors and to perform its functions efficiently, shall be elected to the board of directors	1. In the reporting period, the board of directors (or its nomination committee) assessed candidates to the board of directors in terms of having the required experience, knowledge, business reputation, absence of a conflict of interest, etc.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.3.2	The company's board of directors shall be elected as per a transparent procedure enabling shareholders to receive information about candidates which is sufficient to get an idea of their personal and professional qualities	1. Whenever throughout the reporting period the agenda of the general meeting of shareholders included election of the board of directors, the company provided to shareholders the biographical details of all candidates to the board of directors, the results of assessment of their professional qualifications, experience, and competencies against existing and expected needs of the company as carried out by the board of directors (or its nomination committee), and the information on whether the candidate meets the independence criteria set forth in Recommendations 102–107 of the Code, as well as the information on whether there is the candidate's written consent to be elected to the board of directors.	Partial	**Comment on Criterion 1 (partially complied with):** Whenever throughout the reporting period the agenda of the General Meeting of Shareholders included election of the Board of Directors, the Company compiled and provided to shareholders information on the biographical details of all candidates to the Board of Directors, the results of assessment of their professional qualifications, experience, and competencies against existing and expected needs of the Company as carried out by the Board of Directors, and the information on whether the candidate meets the independence criteria set forth in Recommendations 102–107 of the Code, as well as the information on whether there is the candidate's written consent to be elected to the Board of Directors. However, in the course of preparation for the reconvened Annual General Meeting of Shareholders in 2023, the Company decided not to provide to shareholders all the above information on candidates to the Board of Directors due to sanctions imposed on the Company, the Company's CEO, and the Chairman of the Company's Board of Directors by the US, UK, and Australian governments from 19 May 2023. The Company assumed that the provision of this information would (could) trigger the introduction of restrictive measures against the Company and/or other persons, including the introduction of new restrictive measures against the persons whose details the Company discloses and/or provides (ground: Resolution of the Russian Government #351, On the Specifics of Disclosure and Submission of Information, Which Is Subject to Disclosure and Submission under the Federal Law On Joint Stock Companies and Federal Law On the Securities Market, and the Specifics of Disclosure of Insider Information under the Federal Law On Countering the Misuse of Insider Information and Market Manipulation and Amendments to Certain Legislative Acts of the Russian Federation, dated 12 March 2022 (revised on 24 November 2022). The relevant notice was sent by the Company to the Bank of Russia. The Company believes that the practice of limited provision of information to shareholders in the course of preparation for General Meetings of Shareholders is temporary, and hopes that there will be no reason to resort to such practice in 2024.
2.3.3	The board of directors shall be balanced, including in terms of qualifications of its members, their experience, knowledge, and business qualities, and it shall have the trust of shareholders	1. In the reporting period, the board of directors analyzed its needs in terms of professional qualifications, experience, and knowledge and identified competencies that the board of directors required in the short and long term.	Full	
2.3.4	The company has a sufficient number of directors to organize the board of directors' activities in the most efficient way, including the ability to set up committees of the board of directors and enable the company's significant minority shareholders to elect a candidate to the board of directors for whom they vote	1. In the reporting period, the board of directors reviewed whether the number of members on the board of directors was in line with the company's needs and with the interests of shareholders.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.4	**The board of directors shall include a sufficient number of independent directors**			
2.4.1	An independent director shall be a person of sufficient professionalism, experience, and self-reliance to form his/her own opinion, able to make impartial judgements in good faith independent from the company's executive bodies, particular groups of shareholders, or other stakeholders. It should also be taken into account that in normal conditions a candidate (elected member of the board of directors) cannot be considered independent if he/she is related to the company, its significant shareholder or contractor, the company's competitor, or the government	1. In the reporting period, all independent members of the board of directors met the independence criteria set forth in Recommendations 102–107 of the Code or were determined to be independent by resolution of the board of directors.	None	**Comment on Criterion 1 (not complied with):** In the reporting period, the Company's Board of Directors comprised no independent directors who met all the independence criteria set forth in Recommendations 102–107 of the Code. In the course of preparation for the 2022 Annual General Meeting of Shareholders, the Company's Board of Directors proposed to shareholders, among others, candidates for election to the Company's Board of Directors, who met all the independence criteria set forth in Recommendations 102–107 of the Code. However, the Annual General Meeting of Shareholders scheduled for 6 June 2023 was adjourned. On 19 May 2023, sanctions were imposed on the Company by the US, UK, and Australian governments. Due to the imposition of the above sanctions, the candidates proposed for election to the Company's Board of Directors at the reconvened Annual General Meeting of Shareholders did not include candidates who met the independence criteria as per Recommendations 102–107 of the Code. Thus, the reconvened Annual General Meeting of Shareholders held on 7 July 2023 elected a Board of Directors that did not comprise independent directors. The Company believes that the absence of independent directors in the Company is temporary, and hopes that in 2024 there will be a positive change in the situation with the availability of candidates for election to the Company's Board of Directors, who meet the independence criteria as per Recommendations 102–107 of the Code.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.4.2	The compliance of candidates to the board of directors with the criteria for independence shall be assessed, and a regular review of compliance of independent members of the board of directors with such criteria shall be performed. Substance shall prevail over form in such assessments	1. In the reporting period, the board of directors (or the nomination committee of the board of directors) formed its opinion on the independence of each candidate to the board of directors and presented the respective opinion to shareholders. 2. In the reporting period, the board of directors (or the nomination committee of the board of directors) reviewed at least once the independence of the current members of the board of directors (following their election). 3. The company has developed procedures defining the actions to be taken by a member of the board of directors if he/she ceases to be independent, including the obligation to timely notify the board of directors thereof.	Partial	**Comment on Criterion 1 (partially complied with):** The Board of Directors formed its opinion on the independence of each candidate to the Board of Directors and presented the respective opinion to shareholders concerning candidates to the Board of Directors nominated for election at the Annual General Meeting of Shareholders. However, the Annual General Meeting of Shareholders scheduled for 6 June 2023 was adjourned. When nominating candidates to the Company's Board of Directors for election at the reconvened Annual General Meeting of Shareholders held on 7 July 2023, the Board of Directors formed its opinion on the independence of each candidate to the Board of Directors, but did not present to shareholders the respective opinion as well as other information concerning candidates to the Board of Directors due to sanctions imposed on the Company, the Company's CEO, and the Chairman of the Company's Board of Directors by the US, UK, and Australian governments from 19 May 2023. The Company assumed that the provision of this information would (could) trigger the introduction of restrictive measures against the Company and/or other persons, including the introduction of new restrictive measures against the persons whose details the Company discloses and/or provides (ground: Resolution of the Russian Government #351, On the Specifics of Disclosure and Submission of Information, Which Is Subject to Disclosure and Submission under the Federal Law On Joint Stock Companies and Federal Law On the Securities Market, and the Specifics of Disclosure of Insider Information under the Federal Law On Countering the Misuse of Insider Information and Market Manipulation and Amendments to Certain Legislative Acts of the Russian Federation, dated 12 March 2022 (revised on 24 November 2022). The relevant notice was sent by the Company to the Bank of Russia. The Company believes that the practice of limited provision of information to shareholders in the course of preparation for General Meetings of Shareholders is temporary, and hopes that there will be no reason to resort to such practice in 2024. **Comment on Criterion 2 (not complied with):** In accordance with the established practice, on a quarterly basis, the Company reviews the compliance of each elected independent director with the independence criteria. Since there were no independent directors on the Board of Directors, the Company had no reason to conduct a regular assessment like that in 2023. The Company believes that the absence of independent directors at the Company is temporary, and intends to resume the practice of regular assessment of independent directors for compliance with the independence criteria after the General Meeting of Shareholders elects independent directors to the Company's Board of Directors.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.4.3	At least one third of the total elected number of members of the board of directors shall be constituted by independent directors	1. At least one third of the total number of members of the board of directors is constituted by independent directors.	None	**Comment on Criterion 1 (not complied with):** In the reporting period, the Company's Board of Directors comprised no independent directors who met all the independence criteria set forth in Recommendations 102–107 of the Code. In the course of preparation for the 2022 Annual General Meeting of Shareholders, the Company's Board of Directors proposed to shareholders, among others, candidates for election to the Company's Board of Directors, who met all the independence criteria set forth in Recommendations 102–107 of the Code. However, the Annual General Meeting of Shareholders scheduled for 6 June 2023 was adjourned. On 19 May 2023, sanctions were imposed on the Company by the US, UK, and Australian governments. Due to the imposition of the above sanctions, the candidates proposed for election to the Company's Board of Directors at the reconvened Annual General Meeting of Shareholders did not include candidates who met the independence criteria as per Recommendations 102–107 of the Code. Thus, the reconvened Annual General Meeting of Shareholders held on 7 July 2023 elected a Board of Directors that did not comprise independent directors. The Company believes that the absence of independent directors in the Company is temporary, and hopes that in 2024 there will be a positive change in the situation with the presence of independent directors on the Company's Board of Directors.
2.4.4	Independent directors shall play a key role in preventing internal conflicts in the company and in the performance by the latter of material corporate actions	1. In the reporting period, independent directors (who did not have a conflict of interest) carried out a preliminary assessment of material corporate actions implying a possible conflict of interest, and the results of such assessment were presented to the board of directors.	None	**Comment on Criterion 1 (not complied with):** In the reporting period, the Company's Board of Directors comprised no independent directors who met all the independence criteria set forth in Recommendations 102–107 of the Code. In the course of preparation for the 2022 Annual General Meeting of Shareholders, the Company's Board of Directors proposed to shareholders, among others, candidates for election to the Company's Board of Directors, who met all the independence criteria set forth in Recommendations 102–107 of the Code. However, the Annual General Meeting of Shareholders scheduled for 6 June 2023 was adjourned. On 19 May 2023, sanctions were imposed on the Company by the US, UK, and Australian governments. Due to the imposition of the above sanctions, the candidates proposed for election to the Company's Board of Directors at the reconvened Annual General Meeting of Shareholders did not include candidates who met the independence criteria as per Recommendations 102–107 of the Code. Thus, the reconvened Annual General Meeting of Shareholders held on 7 July 2023 elected a Board of Directors that did not comprise independent directors. The Company believes that the absence of independent directors in the Company is temporary, and hopes that in 2024 there will be a positive change in the situation with the presence of independent directors on the Company's Board of Directors.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.5	**The chairman of the board of directors shall facilitate the best performance of assigned duties by the board of directors**			
2.5.1	The board shall be chaired by an independent director, or a senior independent director shall be chosen from among the elected independent directors to coordinate the activities of independent directors and enable the interaction with the chairman of the board of directors	1. The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors. 2. The role, rights, and duties of the chairman of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents.	Partial	**Comment on Criterion 1 (not complied with):** The Chairman of the Board of Directors is not an independent director. In the reporting period, there were no independent directors on the Company's Board of Directors. In the course of preparation for the 2022 Annual General Meeting of Shareholders, the Company's Board of Directors proposed to shareholders, among others, candidates for election to the Company's Board of Directors, who met all the independence criteria set forth in Recommendations 102–107 of the Code. However, the Annual General Meeting of Shareholders scheduled for 6 June 2023 was adjourned. On 19 May 2023, sanctions were imposed on the Company by the US, UK, and Australian governments. Due to the imposition of the above sanctions, the candidates proposed for election to the Company's Board of Directors at the reconvened Annual General Meeting of Shareholders did not include candidates who met the independence criteria as per Recommendations 102–107 of the Code. Thus, the reconvened Annual General Meeting of Shareholders held on 7 July 2023 elected a Board of Directors that did not comprise independent directors. The Company believes that the absence of independent directors in the Company, including the absence of an independent Chairman of the Board of Directors or the senior independent director, is temporary, and hopes that in 2024 there will be a positive change in the situation with the presence of independent directors on the Company's Board of Directors.
2.5.2	The chairman of the board of directors shall maintain a constructive environment at meetings, enable free discussions of agenda items, and supervise the execution of resolutions passed by the board of directors	1. The performance of the chairman of the board of directors was assessed as part of the procedure for evaluation (self-evaluation) of the board of directors' performance in the reporting period.	None	**Comment on Criterion 1 (not complied with):** Evaluation (self-evaluation) of the Board of Directors' performance, including the performance of the Chairman of the Board of Directors, was not carried out in the reporting period. However, the Chairman of the Board of Directors, elected by members of the Board of Directors in strict compliance with the procedures prescribed by applicable laws, the Company's Charter, and internal documents, has strong professional qualities, maintains a constructive environment at meetings, enables free discussion of agenda items, and supervises the execution of resolutions passed by the Company's Board of Directors. The Company does not see any risks in the absence of the practice of evaluation (self-evaluation) of the Board of Directors' performance in the reporting period, including the performance of the Chairman of the Board of Directors, since the involvement of all members of the Board of Directors in making decisions necessary for the Company shows strong engagement of the Company's Board of Directors in the Company's activities and the Directors' competence as regards the decisions made. On the contrary, the Company praises the performance of the Chairman of the Board of Directors in 2023, especially considering the challenges of increased sanctions pressure on Russian companies in 2023 in general and the sanctions imposed on the Company and personally on the Chairman of the Board of Directors by the US, UK, and Australian governments from 19 May 2023 in particular, as well as the current market conditions and the impact of the shifting economic landscape on the Company's operations. The Company believes that the lack of the practice of evaluation (self-evaluation) of the Board of Directors, including the performance of the Chairman of the Board of Directors, in the reporting period is temporary, and intends in 2024 to consider resuming the practice of evaluation of the performance of the Chairman of the Board of Directors as part of evaluation (self-evaluation) of the Board of Directors.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.5.3	The chairman of the board of directors shall take all steps necessary for the timely provision to members of the board of directors of information required to pass resolutions on agenda items	1. The company's internal documents set out the duty of the chairman of the board of directors to take all steps necessary for the timely provision to members of the board of directors of full and accurate information regarding items on the agenda of the board meeting.	Full	
2.6	**Members of the board of directors shall act reasonably and in good faith in the best interests of the company and its shareholders, relying on sufficient information, exercising due care and prudence**			
2.6.1	Members of the board of directors shall make decisions based on all information available, without conflict of interest, subject to equal treatment of the company shareholders, and assuming normal business risks	1. The company's internal documents provide that a member of the board of directors shall notify the board of directors if he/she has a conflict of interest in respect of any item on the agenda of the board meeting or the board committee meeting, prior to the discussion of the relevant agenda item. 2. The company's internal documents provide that a member of the board of directors shall abstain from voting on any item in connection with which he/she has a conflict of interest. 3. The company has in place a procedure enabling the board of directors to get professional advice on matters within its remit at the expense of the company.	Full	
2.6.2	The rights and obligations of members of the board of directors shall be clearly defined and set out in the company's internal documents	1. The company has adopted and published an internal document clearly defining the rights and obligations of members of the board of directors.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.6.3	Members of the board of directors shall have sufficient time to perform their duties	1. Individual attendance at board and committee meetings, as well as the sufficiency of time devoted to working on the board of directors, including board committees, was reviewed as part of the procedure for evaluation (self-evaluation) of the board of directors' performance in the reporting period. 2. In accordance with the company's internal documents, members of the board of directors shall inform the board of their intentions to join governance bodies of other organizations (except for entities controlled by the company) or of the relevant appointment made.	Partial	**Comment on Criterion 1 (not complied with):** Evaluation (self-evaluation) of the Board of Directors' performance, including individual attendance at Board and Committee meetings, as well as the sufficiency of time devoted to working on the Board of Directors, including Board Committees, was not carried out in the reporting period. However, individual attendance at Board and Committee meetings is high. Details of individual attendance are available in the Company's Annual Report 2023. The Company does not see any risks in the absence of the practice of evaluation (self-evaluation) of the Board of Directors' performance in the reporting period, including individual attendance at Board and Committee meetings, as well as the sufficiency of time devoted to working on the Board of Directors, including Board Committees, since the involvement of all members of the Board of Directors in making decisions necessary for the Company shows strong engagement of members of the Company's Board of Directors in the Company's activities and the Directors' competence as regards the decisions made. On the contrary, the Company praises the performance of the Board of Directors in 2023, especially considering the challenges of increased sanctions pressure on Russian companies in 2023 in general and the sanctions imposed on the Company and personally on the Chairman of the Board of Directors and one of the members of the Board of Directors by the US, UK, and Australian governments from 19 May 2023 in particular as well as the current market conditions and the impact of the shifting economic landscape on the Company's operations. The Company believes that the absence of the practice of evaluation (self-evaluation) of the Board of Directors, including individual attendance at Board and Committee meetings, as well as the sufficiency of time devoted to working on the Board of Directors, including Board Committees, in the reporting period is temporary, and intends in 2024 to consider resuming the practice of evaluation of individual attendance at Board and Committee meetings, as well as the sufficiency of time devoted to working on the Board of Directors, including Board Committees, as part of evaluation (self-evaluation) of the Board of Directors' performance.
2.6.4	All directors have equal access to the company's documents and information. New directors are furnished with sufficient information about the company and performance of the board of directors as soon as possible	1. In accordance with the company's internal documents, members of the board of directors are entitled to have access to information and documents required for the performance of their duties regarding the company and entities under its control, and the company's executive bodies must provide relevant information and documents. 2. The company has in place a formalized induction program for new members of the board of directors.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.7	**Meetings of the board of directors, preparation for such meetings, and participation of members of the board of directors shall ensure efficient performance by the board of directors**			
2.7.1	Meetings of the board of directors shall be held as needed, taking into account the scale of operations and goals of the company at a particular time	1. The board of directors held at least six meetings in the reporting year.	Full	
2.7.2	Internal regulations of the company shall provide a procedure for the preparation and holding of board meetings, enabling members of the board of directors to prepare for such meetings in a proper manner	1. The company has an approved internal document that describes the procedure for arranging and holding meetings of the board of directors and sets out, in particular, that the notice of the meeting shall be given, as a rule, at least five days prior to such meeting. 2. In the reporting period, members of the board of directors not able to be present at the board meeting venue could participate in discussing agenda items and voting remotely via audio or video conferencing.	Full	
2.7.3	The format of the meeting of the board of directors shall be determined taking into account the importance of items on the agenda. The most important matters shall be dealt with at meetings of the board of directors held in person	1. The company's charter or internal document provides for the most important matters (as per the list set out in Recommendation 168 of the Code) to be discussed at in-person meetings of the board of directors.	Partial	**Comment on Criterion 1 (partially complied with):** In accordance with Clause 6.12 of the Regulations on the Board of Directors of the Company, resolutions on certain matters may only be passed at meetings held in person. The Code (Recommendation 168) contains a general list of suggested matters, from which the Company has selected the most critical ones based on the Company's business profile and governance structure to be reviewed at in-person meetings of the Board of Directors. In the current situation, non-compliance with the Code provision is not temporary. To mitigate potential risks, the Company has adopted the practice of regular video conferences between Board members to discuss the most important matters relating to the Company's operations.
2.7.4	Resolutions on the most important matters relating to the company's operations shall be passed at a meeting of the board of directors by a qualified majority or by a majority of all elected board members	1. The company's charter provides for resolutions on the most important matters, including those set out in Recommendation 170 of the Code, to be passed at a meeting of the board of directors by a qualified majority of at least three quarters or by a majority of all elected board members.	None	**Comment on Criterion 1 (not complied with):** The Company's Charter does not contain the above provision. In line with the Company's practice, the Board of Directors seeks to take into account the opinions of all Directors when drafting resolutions. Resolutions are finalized and submitted for approval after suggested options are preliminarily discussed and approved by each Director. Each Director has an opportunity to submit his/her comments and suggestions on resolutions before the matter is put to vote. To mitigate potential risks, the Board of Directors holds conference calls for the preliminary discussion of matters to be put to vote. All resolutions of the Company's Board of Directors in 2023 were passed unanimously by all members of the Company's Board of Directors present at, or participating in, meetings. The Company believes that non-compliance with Recommendation 170 of the Code is temporary. The Company intends to discuss in advance with the Board of Directors, which will include independent directors, the possibility of including the said recommendation of the Code in the Company's Charter and, if the Board of Directors approves including a respective provision in the Charter, to propose that the Board of Directors considers issuing a recommendation on this matter at its meeting.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8	**The board of directors shall set up committees for preliminary consideration of the most important issues related to the business of the company**			
2.8.1	To preview matters related to controlling the company's financial and business activities, it is recommended to set up an audit committee comprising independent directors	1. The board of directors has set up an audit committee consisting solely of independent directors. 2. The company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the Code. 3. At least one member of the audit committee represented by an independent director has experience and knowledge of preparing, analyzing, assessing, and auditing accounting (financial) statements. 4. Meetings of the audit committee were held at least once a quarter during the reporting period.	Partial	**Comment on Criterion 1 (not complied with):** In the reporting period, the Company's Board of Directors comprised no independent directors who met all the independence criteria set forth in Recommendations 102–107 of the Code. The Board of Directors has set up the Audit Committee consisting of members of the Board of Directors who do not meet the independence criteria set forth in Recommendations 102–107 of the Code. In the course of preparation for the 2022 Annual General Meeting of Shareholders, the Company's Board of Directors proposed to shareholders, among others, candidates for election to the Company's Board of Directors, who met all the independence criteria set forth in Recommendations 102–107 of the Code. However, the Annual General Meeting of Shareholders scheduled for 6 June 2023 was adjourned. On 19 May 2023, sanctions were imposed on the Company by the US, UK, and Australian governments. Due to the imposition of the above sanctions, the candidates proposed for election to the Company's Board of Directors at the reconvened Annual General Meeting of Shareholders did not include candidates who met the independence criteria as per Recommendations 102–107 of the Code. Thus, the reconvened Annual General Meeting of Shareholders held on 7 July 2023 elected a Board of Directors that did not comprise independent directors. The Company believes that the absence of independent directors in the Company, including their absence in the Audit Committee of the Board of Directors, is temporary, and hopes that in 2024 there will be a positive change in the situation with the presence of independent directors on the Company's Board of Directors. **Comments on Criterion 3 (partially complied with):** In the reporting period, the Company's Board of Directors comprised no independent directors who met all the independence criteria set forth in Recommendations 102–107 of the Code. The Board of Directors has set up the Audit Committee consisting of members of the Board of Directors who do not meet the independence criteria set forth in Recommendations 102–107 of the Code. At least one member of the Audit Committee (who is not an independent director) has experience and knowledge of preparing, analyzing, assessing, and auditing accounting (financial) statements. In the course of preparation for the 2022 Annual General Meeting of Shareholders, the Company's Board of Directors proposed to shareholders, among others, candidates for election to the Company's Board of Directors, who met all the independence criteria set forth in Recommendations 102–107 of the Code. However, the Annual General Meeting of Shareholders scheduled for 6 June 2023 was adjourned. On 19 May 2023, sanctions were imposed on the Company by the US, UK, and Australian governments. Due to the imposition of the above sanctions, the candidates proposed for election to the Company's Board of Directors at the reconvened Annual General Meeting of Shareholders did not include candidates who met the independence criteria as per Recommendations 102–107 of the Code. Thus, the reconvened Annual General Meeting of Shareholders held on 7 July 2023 elected a Board of Directors that did not comprise independent directors. The Company believes that the absence of independent directors in the Company, including their absence in the Audit Committee, is temporary, and hopes that in 2024 there will be a positive change in the situation with the presence of independent directors on the Company's Board of Directors.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8.2	To preliminarily review matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee shall be set up, comprising independent directors and headed by an independent director who is not the chairman of the board of directors	1. The board of directors has set up a remuneration committee comprising solely independent directors. 2. The remuneration committee is chaired by an independent director who is not the chairman of the board of directors. 3. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code, as well as the conditions (events) upon the occurrence of which the remuneration committee is to consider revising the company's policy on remuneration of members of the board of directors, executive bodies, and other key executives.	Partial	**Comments on Criteria 1 and 2 (not complied with):** In the reporting period, the Company's Board of Directors comprised no independent directors who met all the independence criteria set forth in Recommendations 102–107 of the Code. The Board of Directors has set up the Nominations and Remuneration Committee headed by its Chairman and consisting of members of the Board of Directors who do not meet the independence criteria set forth in Recommendations 102–107 of the Code. In the course of preparation for the 2022 Annual General Meeting of Shareholders, the Company's Board of Directors proposed to shareholders, among others, candidates for election to the Company's Board of Directors, who met all the independence criteria set forth in Recommendations 102–107 of the Code. However, the Annual General Meeting of Shareholders scheduled for 6 June 2023 was adjourned. On 19 May 2023, sanctions were imposed on the Company by the US, UK, and Australian governments. Due to the imposition of the above sanctions, the candidates proposed for election to the Company's Board of Directors at the reconvened Annual General Meeting of Shareholders did not include candidates who met the independence criteria as per Recommendations 102–107 of the Code. Thus, the reconvened Annual General Meeting of Shareholders held on 7 July 2023 elected a Board of Directors that did not comprise independent directors. The Company believes that the absence of independent directors in the Company, including their absence in the Nominations and Remuneration Committee headed by its Chairman, is temporary, and hopes that in 2024 there will be a positive change in the situation with the presence of independent directors on the Company's Board of Directors. **Comment on Criterion 3 (partially complied with):** The Regulations on the Nominations and Remuneration Committee of the Board of Directors of Polyus PJSC (approved by the Board of Directors of Polyus PJSC, Minutes #12-21/SD dated 8 September 2021) set out the tasks of the Nominations and Remuneration Committee, including those listed in Recommendation 180 of the Code. Clause 2.2.1 of the Regulations of the Nominations and Remuneration Committee provides for regular revision of the Company's policy on remuneration of members of the Board of Directors, the Company's CEO, and other key executives. However, the Company's internal documents do not list the conditions (events) upon the occurrence of which the Nominations and Remuneration Committee is to consider revising the Company's policy on remuneration of members of the Board of Directors, executive bodies, and other key executives. The Company does not see any risks in the absence in internal documents of specific conditions (events) triggering the revision of the Company's policy on remuneration, since the possibility of occurrence of such events cannot be foreseen in the long term. The Company deems it expedient to benchmark existing remuneration policies among major issuers on a regular basis and assess the consistency of its current policy with generally accepted remuneration trends at a given time. If the Company needs to set forth in its internal documents related to the Company's remuneration policy the specific conditions (events) upon the occurrence of which the Nominations and Remuneration Committee of the Board should consider revising the Company's policy on remuneration of members of the Board of Directors, executive bodies, and other key executives, the Company intends to consider developing such a proposal to be submitted to the Board of Directors for review in 2024.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8.3	To preliminarily review matters related to talent management (succession planning), professional composition, and efficiency of the board of directors, a nomination (appointments, HR) committee shall be set up, predominantly comprising independent directors	1. The board of directors has set up a nomination committee (or its tasks listed in Recommendation 186 of the Code are fulfilled by another committee) predominantly comprising independent directors. 2. The company's internal documents set out the tasks of the nomination committee (or the tasks of the committee with combined functions), including those listed in Recommendation 186 of the Code. 3. In the reporting period, the nomination committee, independently or jointly with other committees of the board of directors or the company's authorized shareholder relations unit, has engaged with shareholders, not limited to the largest shareholders, with regard to selecting candidates for the company's board of directors with a view to forming the board best suiting the company's goals and objectives.	Partial	**Comment on Criterion 1 (partially complied with):** In the reporting period, the Company's Board of Directors comprised no independent directors who met all the independence criteria set forth in Recommendations 102–107 of the Code. The Board of Directors has set up the Nominations and Remuneration Committee that has taken on the functions of the nomination committee, fully consisting of members of the Board of Directors who do not meet the independence criteria set forth in Recommendations 102–107 of the Code. In the course of preparation for the 2022 Annual General Meeting of Shareholders, the Company's Board of Directors proposed to shareholders, among others, candidates for election to the Company's Board of Directors, who met all the independence criteria set forth in Recommendations 102–107 of the Code. However, the Annual General Meeting of Shareholders scheduled for 6 June 2023 was adjourned. On 19 May 2023, sanctions were imposed on the Company by the US, UK, and Australian governments. Due to the imposition of the above sanctions, the candidates proposed for election to the Company's Board of Directors at the reconvened Annual General Meeting of Shareholders did not include candidates who met the independence criteria as per Recommendations 102–107 of the Code. Thus, the reconvened Annual General Meeting of Shareholders held on 7 July 2023 elected a Board of Directors that did not comprise independent directors. The Company believes that the absence of independent directors in the Company, including their absence in the Nominations and Remuneration Committee that has taken on the functions of the nomination committee, is temporary, and hopes that in 2024 there will be a positive change in the situation with the presence of independent directors on the Company's Board of Directors.
2.8.4	Taking into account the company's scale of operations and level of risks, the company's board of directors made sure that the composition of its committees is fully in line with the company's business goals. Additional committees were either set up or not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety, and environment committee, etc.)	1. In the reporting period, the board of directors reviewed whether its structure was consistent with the scope, nature, goals, needs, and risk profile of the company and its operations. Additional committees were either set up or not deemed necessary.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8.5	Committees shall be composed so as to enable comprehensive discussions of matters under preview, taking into account the diversity of opinions	1. During the reporting period, the audit committee, the remuneration committee, and the nomination committee (or another relevant committee with combined functions) were headed by independent directors. 2. The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee (or another relevant committee with combined functions), and the remuneration committee may attend committee meetings only by invitation of the chairman of the respective committee.	Partial	**Comment on Criterion 1 (partially complied with):** In the reporting period, the Company's Board of Directors comprised no independent directors who met all the independence criteria set forth in Recommendations 102–107 of the Code. The Board of Directors has set up the Audit Committee and the Nominations and Remuneration Committee that has taken on the functions of the nomination committee, headed by their Chairmen and fully consisting of members of the Board of Directors who do not meet the independence criteria set forth in Recommendations 102–107 of the Code. In the course of preparation for the 2022 Annual General Meeting of Shareholders, the Company's Board of Directors proposed to shareholders, among others, candidates for election to the Company's Board of Directors, who met all the independence criteria set forth in Recommendations 102–107 of the Code. However, the Annual General Meeting of Shareholders scheduled for 6 June 2023 was adjourned. On 19 May 2023, sanctions were imposed on the Company by the US, UK, and Australian governments. Due to the imposition of the above sanctions, the candidates proposed for election to the Company's Board of Directors at the reconvened Annual General Meeting of Shareholders did not include candidates who met the independence criteria as per Recommendations 102–107 of the Code. Thus, the reconvened Annual General Meeting of Shareholders held on 7 July 2023 elected a Board of Directors that did not comprise independent directors. The Company believes that the absence of independent directors in the Company, including their absence in the Audit Committee and the Nominations and Remuneration Committee that has taken on the functions of the nomination committee, headed by their Chairmen, is temporary, and hopes that in 2024 there will be a positive change in the situation with the presence of independent directors on the Company's Board of Directors.
2.8.6	Committee chairmen shall inform the board of directors and its chairman on the work of their committees on a regular basis	1. In the reporting period, committee chairmen reported to the board of directors on the work of committees on a regular basis.	Full	
2.9	**The board of directors shall ensure performance evaluation of the board of directors, its committees, and members of the board of directors**			
2.9.1	The board of directors' performance evaluation shall be aimed at determining the efficiency of the board of directors, its committees and members, consistency of their work with the company's development requirements, as well as bolstering the work of the board of directors and identifying areas for improvement	1. The company's internal documents define procedures for evaluation (self-evaluation) of the board of directors' performance. 2. Evaluation (self-evaluation) of the board of directors' performance carried out in the reporting period included performance evaluation of committees, individual members of the board of directors, and the board of directors in general. 3. Results of evaluation (self-evaluation) of the board of directors' performance carried out in the reporting period were reviewed at the in-person meeting of the board.	Partial	**Comments on Criteria 2 and 3 (not complied with):** No evaluation (self-evaluation) of the Board of Directors' performance was carried out in the reporting period. The Company does not see any risks in the absence of the procedure for evaluation (self-evaluation) of the Board of Directors' performance in the reporting period since the involvement of all members of the Board of Directors in making decisions necessary for the Company shows strong engagement of the Company's Board of Directors in the Company's activities and the Directors' competence as regards the decisions made. On the contrary, the Company praises the performance of the Board of Directors in 2023, especially considering the challenges of increased sanctions pressure on Russian companies in 2023 in general and the sanctions imposed on the Company by the US, UK, and Australian governments from 19 May 2023 in particular as well as the current market conditions and the impact of the shifting economic landscape on the Company's operations. The Company believes that the lack of the practice of evaluation (self-evaluation) of the Board of Directors in the reporting period is temporary, and intends in 2024 to consider resuming the practice of evaluation (self-evaluation) of the Board of Directors and review of the evaluation (self-evaluation) results at an in-person meeting of the Board of Directors.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.9.2	Performance of the board of directors, its committees and members shall be evaluated regularly at least once a year. An external advisor shall be engaged at least once in three years to conduct an independent evaluation of the board of directors' performance	1. The company engaged an external advisor to conduct an independent evaluation of the board of directors' performance at least once over the last three reporting periods.	Full	
3.1	**The company's corporate secretary shall ensure efficient ongoing interaction with shareholders, coordinate the company's efforts to protect shareholder rights and interests, and support the efficient performance of the board of directors**			
3.1.1	The corporate secretary shall have the knowledge, experience, and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and the trust of shareholders	1. The biographical data of the corporate secretary (including information about age, education, qualifications, and experience), as well as information about the positions in the governance bodies of other legal entities held by the corporate secretary for at least the last five years, are published on the corporate website and in the company's annual report.	None	**Comment on Criterion 1 (not complied with):** The biographical data of the Corporate Secretary (including information about age, education, qualifications, and experience), as well as information about the positions in the governance bodies of other legal entities held by the Corporate Secretary for at least the last five years, are not published on the corporate website and in the Annual Report 2023. The Company decided not to follow the recommendation of the Code as regards publishing the biographical data of the Company's Corporate Secretary on the corporate website and in the Annual Report 2023 due to sanctions imposed on the Company by the US, UK, and Australian governments from 19 May 2023. The Company believes that the publishing of these data will (may) trigger the introduction of restrictive measures against the person whose data the Company discloses and/or publishes. However, the contact details of the Company's Corporate Secretary are posted on the corporate website, enabling any interested party to contact the Company's Corporate Secretary. The Company does not see any risks in the absence of biographical data of the Corporate Secretary on the internet and in the Annual Report 2023, believes that the practice of limited provision of the said data is temporary, and hopes that there will be no reason to resort to such practice in 2024.
3.1.2	The corporate secretary shall be sufficiently independent of the company's executive bodies and have the powers and resources required to perform his/her tasks	1. The company has adopted and published an internal document – regulations on the corporate secretary. 2. The board of directors approves the appointment, dismissal, and additional remuneration of the corporate secretary. 3. The company's internal documents stipulate the right of the corporate secretary to request and receive company documents and information from governance bodies, organizational units, and officers of the company.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.1	**Remuneration payable by the company shall be sufficient to attract, motivate, and retain people with competencies and qualifications required by the company. Remuneration payable to members of the board of directors, executive bodies, and other key executives of the company shall be in compliance with the approved remuneration policy of the company**			
4.1.1	The amount of remuneration paid by the company to members of the board of directors, executive bodies, and other key executives shall create sufficient incentives for them to work efficiently while enabling the company to engage and retain competent and qualified specialists. At the same time, the company shall avoid unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of the above persons and the company employees	1. Remuneration of members of the board of directors, executive bodies, and other key executives of the company is determined based on the results of benchmarking the company's remuneration levels with those in peer companies.	Full	
4.1.2	The company's remuneration policy shall be devised by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, shall ensure control over the introduction and implementation of the company's remuneration policy, revising and amending it as required	1. In the reporting period, the remuneration committee reviewed the remuneration policy (policies) and/or the practical aspects of its (their) introduction, evaluated their efficiency and transparency, and presented relevant recommendations to the board of directors with regard to its (their) revision as required.	Full	
4.1.3	The company's remuneration policy shall include transparent mechanisms for determining the amount of remuneration due to members of the board of directors, executive bodies, and other key executives of the company and regulate all types of expenses, benefits, and privileges provided to such persons	1. The company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to members of the board of directors, executive bodies, and other key executives of the company and regulates (regulate) all types of expenses, benefits, and privileges provided to such persons.	Full	
4.1.4	The company shall define a policy on reimbursement (compensation) of expenses detailing a list of reimbursable expenses and specifying service levels that members of the board of directors, executive bodies, and other key executives of the company can claim. Such policy can make part of the company's remuneration policy	1. The remuneration policy (policies) or other internal documents of the company define the rules for reimbursement of costs incurred by members of the board of directors, executive bodies, and other key executives of the company.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.2	**The system of remuneration of members of the board of directors shall ensure alignment of financial interests of directors with long-term financial interests of shareholders**			
4.2.1	The company shall pay fixed annual remuneration to members of the board of directors. The company shall not pay remuneration for attending particular meetings of the board of directors or its committees. The company shall not apply any forms of short-term motivation or additional financial incentives for members of the board of directors	1. In the reporting period, the company paid remuneration to members of the board of directors in line with the remuneration policy adopted by the company. 2. In the reporting period, the company did not apply any forms of short-term motivation or additional financial incentives for members of the board of directors linked to the company's performance results (indicators). The company did not pay remuneration for attending particular meetings of the board of directors or its committees.	Full	
4.2.2	Long-term ownership of company shares shall help align the financial interests of members of the board of directors with long-term interests of shareholders to the utmost. At the same time, the company shall not link the right to dispose of shares to performance targets, and members of the board of directors shall not participate in stock option plans	1. If the company's internal document(s) – the remuneration policy (policies) – stipulates (stipulate) provision of company shares to members of the board of directors, clear rules for share ownership by board members shall be defined and disclosed, aimed at stimulating long-term ownership of such shares.	Full	
4.2.3	The company does not provide for any extra payments or compensations in the event of early termination of powers of members of the board of directors resulting from the change of control or any other reasons whatsoever	1. The company does not provide for any extra payments or compensations in the event of early termination of powers of members of the board of directors resulting from the change of control or any other reasons whatsoever.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.3	**The company shall review its performance and the personal contribution of each executive to the achievement of such performance when determining the amount of remuneration payable to members of executive bodies and other key executives of the company**			
4.3.1	Remuneration due to members of executive bodies and other key executives of the company shall be determined in a manner providing for reasonable and justified ratio of the fixed and variable parts of remuneration, depending on the company's results and the employee's personal contribution	1. In the reporting period, annual performance results approved by the board of directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key executives of the company. 2. During the latest assessment of the system of remuneration of members of executive bodies and other key executives of the company, the board of directors (remuneration committee) made sure that the company applies efficient ratio of the fixed and variable parts of remuneration. 3. When determining the amount of remuneration due to members of executive bodies and other key executives of the company, account is taken of the risks incurred by the company in order to avoid encouraging unreasonably risky management decisions.	Full	
4.3.2	The company shall put in place a long-term incentive program for members of executive bodies and other key executives of the company with the use of company shares (options and other derivative instruments where company shares are the underlying asset)	1. If the company has in place a long-term incentive program for members of executive bodies and other key executives of the company with the use of company shares (financial instruments based on company shares), the program implies that the right to dispose of shares and other financial instruments used in this program shall take effect at least three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the company's performance targets.	Full	
4.3.3	The compensation (golden parachute) payable by the company in case of early termination of powers of members of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, shall not exceed the double amount of the fixed part of their annual remuneration	1. In the reporting period, the compensation (golden parachute) payable by the company in case of early termination of powers of members of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, did not exceed the double amount of the fixed part of their annual remuneration.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
5.1	**The company shall put in place an effective risk management and internal control system providing reasonable assurance in the achievement of the company's goals**			
5.1.1	The company's board of directors shall determine the principles of, and approaches to, organizing a risk management and internal control system in the company	1. Functions of different governance bodies and units of the company in the risk management and internal control system are clearly defined in the company's internal documents / relevant policy approved by the board of directors.	Full	
5.1.2	The company's executive bodies shall ensure establishment and continuous operation of an efficient risk management and internal control system in the company	1. The company's executive bodies ensured the distribution of functions, powers, and responsibilities related to risk management and internal control between the heads (managers) of units and departments accountable to them.	Full	
5.1.3	The company's risk management and internal control system ensures an objective, fair, and clear representation of the current state of the company and its future prospects, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure	1. The company has in place the anti-corruption policy. 2. The company has arranged for safe, confidential, and accessible means (hotline) of notifying the board of directors or the board's audit committee about violations of the law, the company's internal procedures, and code of ethics.	Full	
5.1.4	The company's board of directors shall take necessary measures to make sure that the company's risk management and internal control system is consistent with the principles of, and approaches to, its organization determined by the board of directors and that the system is functioning efficiently	1. In the reporting period, the board of directors (the audit committee and/or risk committee (if any)) assessed the reliability and efficiency of the company's risk management and internal control system. 2. In the reporting period, the board of directors reviewed the results of the assessment of the reliability and efficiency of the company's risk management and internal control system. The information on the key results of this assessment is included in the company's annual report.	Full	
5.2	**The company shall perform internal audit for the regular independent assessment of the reliability and efficiency of the risk management and internal control system and corporate governance**			
5.2.1	The company shall set up a separate organizational unit or engage an independent external organization to carry out internal audits. The functional and administrative subordination of the internal audit unit shall be separated. The internal audit unit shall functionally report to the board of directors	1. To perform internal audits, the company has set up a separate internal audit unit functionally reporting to the board of directors or engaged an independent external organization under the same principle of subordination.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
5.2.2	The internal audit unit shall assess the reliability and efficiency of the risk management and internal control system and corporate governance. The company shall apply generally accepted standards of internal audit	1. In the reporting period, the reliability and efficiency of the risk management and internal control system was assessed as part of the internal audit procedure. 2. In the reporting period, internal audit assessed corporate governance practices (individual practices), including information interaction procedures (among them those related to internal control and risk management) at all management levels of the company, as well as interaction with stakeholders.	Full	
6.1	**The company and its business shall be transparent for shareholders, investors, and other stakeholders**			
6.1.1	The company shall develop and adopt an information policy ensuring an efficient communication between the company, its shareholder, investors, and other stakeholders	1. The company's board of directors approved an information policy developed in accordance with the Code's recommendations. 2. In the reporting period, the board of directors (or one of its committees) reviewed matters related to the efficiency of communication between the company, shareholders, investors, and other stakeholders and feasibility (need) of revising the company's information policy.	Full	
6.1.2	The company shall disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code	1. The company discloses information on its corporate governance system and general principles of corporate governance applied in the company, in particular, on the corporate website. 2. The company discloses information on the composition of executive bodies and the board of directors, independence of board members, and their membership in board committees (as defined in the Code). 3. If the company has a controlling person, the company publishes a memorandum of the controlling person setting out the latter's plans for the company's corporate governance.	Partial	**Comment on Criterion 2 (not complied with):** The Company does not disclose information on the composition of executive bodies and the Board of Directors, independence of Board members, and their membership in Board Committees (as defined in the Code). The Company decided not to follow the recommendation of the Code as regards disclosing the above information due to sanctions imposed on the Company, the Company's CEO, and the Chairman of the Company's Board of Directors by the US, UK, and Australian governments from 19 May 2023. The Company believes that the disclosure of the above information will (may) trigger the introduction of restrictive measures against the persons whose data the Company discloses and/or publishes. In certain cases of non-disclosure of the above information, the Company applied Resolution of the Russian Government #351, On the Specifics of Disclosure and Submission of Information, Which Is Subject to Disclosure and Submission under the Federal Law On Joint Stock Companies and Federal Law On the Securities Market, and the Specifics of Disclosure of Insider Information under the Federal Law On Countering the Misuse of Insider Information and Market Manipulation and Amendments to Certain Legislative Acts of the Russian Federation, dated 12 March 2022 (revised on 24 November 2022). Relevant notices were sent by the Company to the Bank of Russia. The Company does not see any risks in the absence of information on the composition of executive bodies and the Board of Directors, independence of members of the Board of Directors, and their membership in Board Committees (as defined by the Code) in the internet and in the Annual Report 2023, believes that the practice of limited provision of the said information is temporary, and hopes that there will be no reasons to resort to such practice in 2024.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
6.2	**The company shall make timely disclosures of complete, updated, and reliable information to allow shareholders and investors to make informed decisions**			
6.2.1	The company shall disclose information based on the principles of regularity, consistency, and promptness, as well as availability, reliability, completeness, and comparability of disclosed data	1. The company defines the procedure for the coordination of all of the company's organizational units and employees that are involved in disclosure or whose activities may result in the need to disclose information. 2. If company securities are traded on foreign regulated markets, the company shall ensure concerted and equivalent disclosure of material information in the Russian Federation and in the said markets in the reporting period. 3. If foreign shareholders hold a significant amount of company shares, in the reporting year, information was disclosed not only in the Russian language, but also in one of the most widespread foreign languages.	Full	
6.2.2	The company shall strive to avoid a formalistic approach to information disclosure and to disclose material information about its operations even if such disclosure is not required by law	1. The company's information policy defines approaches to identification of information about other events (actions) that can have a material impact on the company's valuation and the price of its securities and that is not required to be disclosed by law. 2. The company discloses information on its capital structure, as stated in Recommendation 290 of the Code, in its annual report and on the corporate website. 3. The company shall disclose information on controlled entities that are material to it, including their key lines of business, mechanisms for ensuring accountability of controlled entities, and powers of the company's board of directors to determine the strategy and evaluate the performance of controlled entities. 4. The company discloses a non-financial report – a sustainability report, environmental report, corporate social responsibility report, or another report containing non-financial information, including factors related to the environment (including environmental factors and factors related to climate change), society (social factors), and corporate governance, except for the issuer's report and the annual report of a joint stock company.	Partial	**Comments on Criteria 2 and 3 (not complied with):** The Company does not disclose information on its capital structure, as stated in Recommendation 290 of the Code, in the Annual Report 2023 and on the corporate website, nor does it disclose information on controlled entities that are material to it. The Company decided not to follow Recommendation 290 of the Code as regards disclosing information on the Company's capital structure in the Annual Report 2023 and on the corporate website, as well as on controlled entities that are material to it, due to the sanctions imposed on the Company and its subsidiaries by the US, UK, and Australian governments from 19 May 2023. The Company believes that the disclosure of the above information will (may) trigger the introduction of restrictive measures against the persons whose data the Company discloses and/or publishes. In certain cases of non-disclosure of the above information, the Company applied Resolution of the Russian Government #351, On the Specifics of Disclosure and Submission of Information, Which Is Subject to Disclosure and Submission under the Federal Law On Joint Stock Companies and Federal Law On the Securities Market, and the Specifics of Disclosure of Insider Information under the Federal Law On Countering the Misuse of Insider Information and Market Manipulation and Amendments to Certain Legislative Acts of the Russian Federation, dated 12 March 2022 (revised on 24 November 2022). Relevant notices were sent by the Company to the Bank of Russia. The Company does not see any risks in the absence of information on its capital structure in the Annual Report 2023 and on the corporate website, as well as on controlled entities that are material to it, believes that the practice of limited provision of the above information is temporary, and hopes that there will be no reason to resort to such practice in 2024.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
6.2.3	The annual report, as one of the most important tools of communication with shareholders and other stakeholders, shall contain information enabling evaluation of the company's performance in the reporting year	1. The company's annual report contains information on the result of the audit committee's assessment of internal and external audit effectiveness. 2. The company's annual report contains information on the environmental and social policies of the company.	Full	
6.3	**The company shall provide information and documents as per the requests of shareholders in compliance with the principles of fairness and ease of access**			
6.3.1	Shareholders' exercise of their rights of access to the company's documents and information is not cumbersome	1. The company's information policy (internal documents establishing the information policy) establishes non-cumbersome procedure for providing shareholders with easy access to the company's information and internal documents as requested by shareholders. 2. The company's information policy (internal documents establishing the information policy) contains provisions stipulating that if a shareholder requests information on entities controlled by the company, the company shall take the necessary steps to obtain such information from the relevant entities controlled by the company.	Full	
6.3.2	When providing information to shareholders, the company shall ensure reasonable balance between the interests of particular shareholders and its own interests consisting in preserving the confidentiality of important commercial information which may materially affect its competitiveness	1. In the reporting period, the company did not refuse shareholders' requests for information, or such refusals were justified. 2. In cases defined by the company's information policy, shareholders are warned of the confidential nature of the information and undertake to maintain its confidentiality.	Full	

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
7.1	**Actions that significantly impact or may significantly impact the share capital structure or financial condition of the company and, respectively, shareholders position (material corporate actions) shall be fairly executed providing observance of the rights and interests of shareholders and other stakeholders**			
7.1.1	Material corporate actions shall include restructuring of the company, acquisition of 30 percent or more of the company's voting shares (takeover), execution by the company of material transactions, increase or reduction of the company's share capital, listing or delisting of company shares, as well as other actions which may lead to material changes in the rights of shareholders or violation of their interests. The company's charter shall provide a list (criteria) of transactions or other actions classified as material corporate actions pertaining to the competence of the board of directors of the company	1. The company's charter provides for a list (criteria) of transactions or other actions classified as material corporate actions. Resolutions on material corporate actions are referred by the company's charter to the competence of the board of directors. When execution of such corporate actions is expressly referred by law to the general meeting of shareholders, the board of directors presents relevant recommendations to shareholders.	Partial	**Comment on Criterion 1 (partially complied with):** The material corporate actions listed in Principle 7.1.1 are not defined in the Company's Charter. However, corporate actions that are recognized as material by the Code are recognized as such by applicable laws and are reviewed by the Company's governance bodies in accordance with their competence. When execution of such corporate actions is expressly referred by law to the General Meeting of Shareholders, the Board of Directors presents relevant recommendations to shareholders. In accordance with the laws on information disclosure on the securities market, the Company discloses information on transactions, including those material to the Company, on the internet. In cases when the Company decided to limit the disclosure of the above information in line with Resolution of the Russian Government #351, On the Specifics of Disclosure and Submission of Information, Which Is Subject to Disclosure and Submission under the Federal Law On Joint Stock Companies and Federal Law On the Securities Market, and the Specifics of Disclosure of Insider Information under the Federal Law On Countering the Misuse of Insider Information and Market Manipulation and Amendments to Certain Legislative Acts of the Russian Federation, dated 12 March 2022 (revised on 24 November 2022), the Company sent relevant notices to the Bank of Russia. The Audit Committee of the Company's Board of Directors controls the reliability and efficiency of the corporate governance system, which includes ensuring that the Company discloses information in accordance with the law. Thus, the Board of Directors monitors material corporate actions taken by the Company and its subsidiaries at different stages of execution. Should it become necessary to amend the current Charter of the Company, the Company will consider including in the new version of the Company's Charter a list (criteria) of transactions or other actions that are material corporate actions and referring such actions to the Company's Board of Directors. The Company believes that the effect of this factor is temporary, and does not rule out the possibility of full compliance with Principle 7.1.1 in the future.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
7.1.2	The board of directors shall play a key role in making decisions or working out recommendations regarding material corporate actions relying on the opinions of the company's independent directors	1. The company has in place a procedure enabling independent directors to express their opinions on material corporate actions prior to approval thereof.	Partial	**Comment on Criterion 1 (partially complied with):** In line with the Company's practice, transactions or other actions deemed to be material corporate actions according to the Code are submitted for review to the Board of Directors or, in cases where a formal resolution is not provided for, are discussed by members of the Board of Directors and, separately, by independent directors prior to the meetings. In some cases, they are reviewed by the Audit Committee. Since in 2023 the composition of the Board of Directors did not include independent directors, the Company was not able to fully comply with this criterion. However, to mitigate additional risks, the Company ensures that appropriate procedures are in place to comply with the terms and procedures of such actions, stipulated by law. Based on the results of the analysis of the Company's internal documents, and given that the Board of Directors includes independent directors, the Board of Directors plans to develop proposals to implement the necessary procedures for stating the position of independent directors on material corporate actions prior to their approval. The Company believes that partial non-compliance with this criterion is temporary, and hopes that in 2024 there will be a change in the situation with the absence of independent directors on the Company's Board of Directors.
7.1.3	When taking material corporate actions affecting the rights and legitimate interests of shareholders, equal terms and conditions shall be ensured for all shareholders of the company, and, in case of insufficient statutory mechanisms for protecting shareholder rights, additional measures shall be taken to protect the rights and legitimate interests of the company shareholders. In doing so, the company shall be guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements	1. Taking into account the specifics of the company's operations, the company's charter refers approval of transactions other than those stipulated by law and deemed material for the company to the board of directors. 2. In the reporting period, all material corporate actions were subject to the approval procedure prior to execution.	Partial	**Comments on Criteria 1 and 2 (partially complied with):** The Company's Charter does not refer approval of transactions other than those stipulated by law and deemed material for the Company to the Board of Directors. The absence of the above provisions in the Company's Charter does not prevent the Company from ensuring equal conditions for all its shareholders when the Company takes material corporate actions affecting their rights and legitimate interests. To mitigate potential risks, the Company ensures that appropriate procedures are in place to comply with the terms and procedures of transactions that are material to the Company. In particular, all material corporate actions are discussed by the Board of Directors before such actions are taken. The Board of Directors has the opportunity to express its opinion on the corporate action, including when no formal approval is required by law or the Company's internal documents. However, to mitigate potential additional risks, the Company ensures that appropriate procedures are in place to comply with the terms and procedures of such actions, stipulated by law. Following an analysis of the Company's internal documents, in 2024, the Board of Directors may, if necessary, review the expedience of including additional provisions that govern decision making on material corporate actions. The Company believes that partial non-compliance with this criterion is temporary.

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (continued)

№	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
7.2	**The company shall execute material corporate actions in such a way as to ensure that shareholders timely receive complete information about such actions, allowing them to influence such actions and guaranteeing adequate protection of their rights when performing such actions**			
7.2.1	Information about material corporate actions shall be disclosed with explanations of the grounds, circumstances, and consequences	1. If the company performed material corporate actions in the reporting period, the company in due time and in detail disclosed information about such actions, including the grounds for such actions and their circumstances and consequences for shareholders.	Full	
7.2.2	Rules and procedures related to material corporate actions taken by the company shall be set out in the company's internal documents	1. The company's internal documents provide for cases and procedure for engaging an appraiser to determine the value of the property disposed of or acquired pursuant to a major transaction or an interested-party transaction. 2. The company's internal documents provide for the procedure for engaging an appraiser to assess the value of company shares at their repurchase or redemption. 3. If there is no formal interest of a member of the board of directors, the sole executive body, a member of the collective executive body of the company, a person who is a controlling person of the company, or a person entitled to give the company instructions binding on the company, in the company's transactions, but there is a conflict of interest or other actual interest, the company's internal documents stipulate that such persons may not participate in the voting on the approval of such transaction.	Partial	**Comment on Criterion 1 (not complied with):** The Company's internal documents set out a procedure for engaging an independent appraiser to determine the value of the Company's property when required by applicable laws. In other cases, to ensure prompt decision making on the value of property, the Board of Directors analyzes the complete and reliable information provided by the management. The Company believes that measures in place in the Company to determine the value of its property disposed of or acquired pursuant to a major transaction or an interested-party transaction are sufficient at the current stage of its operations. To mitigate additional risks, the required information on the property disposed of or acquired pursuant to a major transaction or an interested-party transaction is included in the materials for the meeting of the Board of Directors, the agenda of which includes the relevant item. The Company believes that prompt decision making is important for the Company. To mitigate potential risks, the Company is committed to ensuring the highest quality of materials provided for meetings of the Board of Directors, where relevant resolutions are passed. Non-compliance with the above criterion may be temporary, and if the relevant need arises, the Company may in the future determine the cases when an appraiser should be engaged to determine the value of property disposed of or acquired pursuant to a major transaction or an interested-party transaction and set forth the relevant procedure in the Company's internal documents. **Comments on Criterion 3 (partially complied with):** According to the Company's established practice, if the Company's bodies have a conflict of interest or other actual interest in a transaction, they may not participate in voting on the approval of the relevant transaction. This approach is set forth in the Regulations on the Board of Directors of the Company. However, the Regulations on General Meetings of Shareholders do not contain a similar provision. The Company did not deem it necessary to include the above provision in the Regulations on General Meetings of Shareholders in 2023, since the Company had no controlling person in the reporting period. The Company did not approve the Regulations on the Chief Executive Officer. However, the absence in the Company of an internal document regulating the activities of the sole executive body does not prevent the CEO from abstaining from voting on the approval of such a transaction if he/she has no formal interest, but there is a conflict of interest or other actual interest.

Ore Reserves and Mineral Resources Update

This review reflects not only regular depletion of Ore Reserve and Mineral Resource estimates due to mining and changes to stockpile inventories but, additionally, application of the updated resource models based on Polyus ongoing drilling and research programs and the appropriate open pit optimisations, open pit/mine designs and production schedules developed.

As at 31 December 2023, the Company's total Proved and Probable Ore Reserves were estimated at 109 million ounces of gold[1].

As at 31 December 2023, the Company's total Measured, Indicated, and Inferred Mineral Resources were estimated at 218 million ounces of gold[2].

Ore Reserves Highlights

- Polyus' Ore Reserves are estimated at 1,881 million tonnes at 1.8 g/t Au for 109 million ounces of gold, as summarized in the Table below, compared to 1,520 million tonnes at 1.9 g/t Au for 92 million ounces of gold as at 31 December 2022, excluding exploration assets.
- 60% of the Company's estimated Ore Reserves of gold are located within its operating mines:
  - Polyus Krasnoyarsk has the largest share of the Company's estimated Ore Reserves within operating mines, with 32 million ounces of gold at Olimpiada (open pit and underground mines) and 12 million ounces of gold at Blagodatnoye.
  - Natalka has estimated Ore Reserves of 10 million ounces of gold.
  - Kuranakh and Verninskoye have estimated Ore Reserves of 7.7 million ounces and 3.6 million ounces of gold respectively.
- 40% of the Company's estimated Ore Reserves are attributable to Polyus' key greenfield project, Sukhoi Log.

Mineral Resources Highlights

- Polyus' Mineral Resources are estimated at 4,074 million tonnes at 1.7 g/t gold and containing 218 million ounces of gold, as summarized in the Table below, compared to 3,091 million tonnes at 1.8 g/t gold and containing 183 million ounces of gold as at 31 December 2022, excluding exploration assets.
- 63% of the Company's estimated Mineral Resources are attributable to operating mines:
  - Olimpiada has estimated Mineral Resources of 56 million ounces of gold (open pit and underground mines).
  - Natalka has estimated Mineral Resources of 28 million ounces of gold.
  - Blagodatnoye has estimated Mineral Resources of 25 million ounces of gold.
  - Verninskoye and Kuranakh have estimated Mineral Resources of 14 million ounces, and 14 million ounces of gold respectively.

Exploration Highlights

- Polyus has completed its deep levels exploration drilling program at Olimpiada and updated resource model with a new data.
- At Blagodatnoye, Polyus has completed drilling activities at deep levels and at flanks of the mineralized zone. Resource model was updated.
- Polyus continues additional exploration of Natalka's deep levels. The total amount of drilling between 2023 and 2025 is expected to exceed 50 kilometers.
- At Kuranakh, Polyus is progressing with a comprehensive exploration program. The total amount of drilling between 2022 and 2025 is expected to exceed 300 kilometers. Resource model was updated with available drilling results.
- At Sukhoi Log, Polyus has completed its deep-level and flank exploration drilling campaign and updated resource model with a new data. The Company continues in-fill drilling within the area of expected mining during the first years of operations.

Ore Reserve and Mineral Resource Estimates

The Company's Ore Reserve and Mineral Resource estimates are summarized in the Tables below. The effective date for the estimates is 31 December 2023.

Additionally to the regular 2023 mining depletion and changes to stockpile inventories, there are some material changes to the criteria considered in the estimates as at December 2023: the updated resource models, technical and economic parameters, open pit optimization results and open pit/mine designs are applied.

Polyus Ore Reserve Estimates as at 31 December 2023 [3] [4] [5]

	Proved			Probable			Total		
	Tonnes, Mt	Gold Grade, g/t	Gold, Moz	Tonnes, Mt	Gold Grade, g/t	Gold, Moz	**Tonnes, Mt**	**Gold Grade, g/t**	**Gold, Moz**
Mines in Operation									
Olimpiada	42	2.2	2.9	355	2.6	29.5	**397**	**2.5**	**32.4**
Blagodatnoye	90	0.80	2.3	215	1.4	9.6	**305**	**1.2**	**12.0**
Natalka	11	1.0	0.35	199	1.5	9.8	**210**	**1.5**	**10.2**
Kuranakh	0.0	0,0	0.0	263	0.9	7.7	**263**	**0.9**	**7.7**
Verninskoye	19	1.2	0.77	55	1.6	2.8	**74**	**1.5**	**3.6**
Alluvials [6]	-	-	-	-	-	-	**-**	**-**	**-**
Development Projects									
Sukhoi Log	0.0	0.0	0.0	632	2.1	43.5	**632**	**2.1**	**43.5**
Total	**162**	**1.2**	**6.4**	**1,719**	**1.9**	**103**	**1,881**	**1.8**	**109**

[1] Ore Reserve estimate does not include exploration assets.
[2] Exploration assets are not included in the 2023 Mineral Resource estimates.
[3] Any minor discrepancies for sums in the table are related to rounding.
[4] Gold price assumptions:
- US$1,600/oz for those deposits where new resource/reserve models were applied and new mining studies were conducted during 2023-2024 (Olimpiada, Blagodatnoye, Natalka, Kuranakh, and Sukhoi Log); and
- US$1,350/oz for Verninskoye.

[5] Ore Reserve estimate does not include exploration assets.
[6] Alluvials are not included in the 2023 Ore Reserve estimate.

Ore Reserves and Mineral Resources Update (continued)

For comparison, the Company's reported Ore Reserve estimate as at 31 December 2022 was 1,520 Mt grading 1.9 g/t Au and containing 92 Moz of gold, excluding exploration assets. The changes in the estimates from 2022 to 2023 are due to depletion by mining and changes to stockpile inventories and, mainly, due to updated resource models and criteria applied.

Comparison of Polyus Ore Reserve Estimates as at 31 December 2023 and as at 31 December 2022 [7]

	Total Ore Reserves 2022			Total Ore Reserves 2023		
	Tonnes, Mt	Gold Grade, g/t	Gold, Moz	**Tonnes, Mt**	**Gold Grade, g/t**	**Gold, Moz**
Mines in Operation						
Olimpiada	218	2.8	19.3	**397**	**2.5**	**32.4**
Blagodatnoye	268	1.3	10.8	**305**	**1.2**	**12.0**
Natalka	232	1.7	12.6	**210**	**1.5**	**10.2**
Kuranakh	184	1.0	5.7	**263**	**0.9**	**7.7**
Verninskoye	78	1.6	3.9	**74**	**1.5**	**3.6**
Development Projects						
Sukhoi Log	540	2.3	40	**632**	**2.1**	**43.5**
Total	**1,520**	**1.9**	**92**	**1,881**	**1.8**	**109**

Polyus Mineral Resource Estimates as at 31 December 2023 [8] [9] [10] [11]

	Measured			Indicated			Inferred			Total		
Deposit	Tonnes, Mt	Grade, g/t	Gold, Moz	Tonnes, Mt	Grade, g/t	Gold, Moz	Tonnes, Mt	Grade, g/t	Gold, Moz	**Tonnes, Mt**	**Grade, g/t**	**Gold, Moz**
Mines in Operation												
Olimpiada	42	2.2	2.9	428	3.0	41	128	3.0	12	**598**	**2.9**	**56**
Blagodatnoye	90	0.8	2.3	434	1.3	18	136	1.1	4.6	**660**	**1.2**	**25**
Natalka	11	1.0	0.35	508	1.4	23	97	1.5	4.8	**616**	**1.4**	**28**
Kuranakh	0.0	0.0	0.0	304	0.9	9.0	196	0.7	4.7	**501**	**0.9**	**14**
Verninskoye	19	1.2	0.77	205	1.5	10	47	1.9	2.8	**271**	**1.6**	**14**
Alluvials [12]	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Development Projects												
Sukhoi Log	0.0	0.0	0.0	744	2.0	48	684	1.5	33	**1,428**	**1.8**	**81**
Total	**162**	**1.2**	**6.4**	**2,624**	**1.8**	**149**	**1,288**	**1.5**	**62**	**4,074**	**1.7**	**218**

[7] Exploration assets are not included in the 2023 and 2022 comparison.
[8] The estimates for all deposits are presented on a 100% ownership basis.
[9] Any minor discrepancies for sums in the table are related to rounding.
[10] Gold price assumptions:
- US$1,900/oz for those deposits where new resource models in 2023 were applied (Olimpiada, Blagodatnoye, Natalka, Kuranakh, and Sukhoi Log); and
- US$1,650/oz for Verninskoye;

[11] Exploration assets are not included in the 2023 Mineral Resource estimates.
[12] Alluvials are not included in the 2023 Mineral Resource estimates.

Ore Reserves and Mineral Resources Update (continued)

Note that the Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves estimates.
For comparison, the Company's reported Mineral Resource estimate as at 31 December 2022 was 3,091 Mt grading 1.8 g/t and containing 183 Moz of gold, excluding exploration assets. The changes in the estimates from 2022 to 2023 are due to depletion by mining and changes to stockpile inventories and, mainly, due to updated resource models and criteria applied.

Comparison of Polyus Mineral Resources Estimates as at 31 December 2023 and as at 31 December 2022 [13]

	Total Mineral Resources 2022			Total Mineral Resources 2023		
	Tonnes, Mt	Gold Grade, g/t	Gold, Moz	**Tonnes, Mt**	**Gold Grade, g/t**	**Gold, Moz**
Mines in Operation						
Olimpiada	495	2.9	46	**598**	**2.9**	**56**
Blagodatnoye	387	1.3	16	**660**	**1.2**	**25**
Natalka	501	1.9	30	**616**	**1.4**	**28**
Kuranakh	323	1.0	10.4	**501**	**0.9**	**14**
Verninskoye	275	1.6	14	**271**	**1.6**	**14**
Development Projects						
Sukhoi Log	1,110	1.9	67	**1,428**	**1.8**	**81**
Total	**3,091**	**1.8**	**183**	**4,074**	**1.7**	**218**

Competent Persons

The Ore Reserve and Mineral Resource estimates are classified and reported according to the JORC Code 2012 requirements. The Competent Persons verify that this report of estimates is based on and fairly and accurately reflects in the form and context in which it appears, the information in supporting documentation relating to Ore Reserves and Mineral Resources. All material assumptions and technical parameters underpinning the estimates in the announcement have been reported previously or are reported in the appropriate studies.

The Competent Persons responsible for each estimate of Ore Reserves and Mineral Resources are:

- Dr Alexander Taskaev, NMC Principal Mining Engineer (Olimpiada, Blagodatnoye, Kuranakh, Verninskoye, Sukhoi Log, and their Stockpile Ore Reserve estimates);
- Mr Ruslan Sevostianov, NMC Principal Mining Engineer (Natalka, and its Stockpile Ore Reserve estimate);
- Dr Andrey Tsoy, NMC Principal Resource Geologist (Olimpiada, Blagodatnoye, Kuranakh, Verninskoye, Sukhoi Log, and their Stockpile Mineral Resource estimates); and
- Mr Ruslan Erzhanov, NMC Associate, Principal Resource Geologist (Natalka, and its Stockpile Mineral Resource estimate).

All Competent Persons are Members of the Australasian Institute of Mining and Metallurgy (AusIMM) or other approved Recognized Professional Organizations and have sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Persons as defined in the JORC Code 2012.

In reporting the Mineral Resources and Ore Reserves referred to in this Annual Report, NMC and its partners have acted as independent parties, have no interest in the outcomes of Polyus operations or projects, and have no business relationship with Polyus other than undertaking individual technical consulting assignments as engaged, and being paid according to standard per diem rates with reimbursement for out-of-pocket expenses. Therefore, NMC and its partners believe that there is no conflict of interest in undertaking the assignments which are the subject of the statements in this Annual report.

[13] Exploration assets are not included in the 2023 and 2022 comparison.

Report on the concluded by Polyus PJSC Major and Interested-Party Transactions in 2023

1. In the reporting period, Polyus PJSC entered into the following transactions recognized as interested-party transactions under Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995:

№	Material terms of the transaction	Parties to the transaction	Interested parties / grounds for interest	The governance body of the public joint stock company that made a decision to consent to the transaction or to subsequently approve it
1	Conclusion of a loan agreement (the "Loan Agreement") between Polyus PJSC (the "Lender") and Polyus Krasnoyarsk JSC (the "Borrower"), under which the Lender shall grant to the Borrower funds in the amount of twenty billion (20,000,000,000) rubles (the "Loan"), and the Borrower shall repay the Loan and pay interest on the Loan to the Lender in accordance with the Loan Agreement. The Borrower commits to pay the Loan origination fee to the Lender no later than 31 August 2023. The Borrower shall repay the Loan amount and accrued interest to the Lender no later than 18 February 2028 (inclusive). The Borrower shall pay interest on the Loan at the rate of 10.5% per annum. The transaction date is 17 February 2023.	· Polyus PJSC (the "Lender"); and · Polyus Krasnoyarsk JSC (the "Borrower").	Alexey Vostokov, member of the Board of Directors and CEO of Polyus PJSC, is CEO of Polyus MC LLC, the management company of the party of the transaction, Polyus Krasnoyarsk JSC (the Borrower under the Loan Agreement). The interested party's ownership interest (shareholding) in the public joint stock company and the legal entity that was a party to the transaction as at the transaction date: · Polyus PJSC: a 0.0016% interest in the authorized capital and a 0.0016% holding of ordinary shares; and · Polyus Krasnoyarsk JSC: no interest in the authorized capital, no holding of ordinary shares.	The decision to consent to the transaction was made by the Board of Directors of Polyus PJSC on 17 February 2023 (Minutes No. 02-23/SD dated 17 February 2023).
2	Conclusion of Addendum 1 to the Loan Agreement between Polyus PJSC (the "Lender") and Polyus Krasnoyarsk JSC (the "Borrower") dated 17 February 2023, under which the Lender shall grant to the Borrower funds in the amount of twenty billion (20,000,000,000) rubles (the "Loan"), and the Borrower shall repay the Loan and pay interest on the Loan to the Lender in accordance with the Loan Agreement. The Borrower commits to pay the Loan origination fee to the Lender no later than 31 August 2023. The Borrower shall repay the Loan amount and accrued interest to the Lender no later than 18 February 2028 (inclusive). The Borrower shall pay interest on the Loan at the rate of 10.5% per annum. Under Addendum 1, the Borrower commits to pay to the Lender the loan origination fee of sixty million three thousand six hundred and fifty-two (60,003,652) rubles 29 kopecks. The transaction date is 20 October 2023.	· Polyus PJSC (the "Lender"); and · Polyus Krasnoyarsk JSC (the "Borrower").	Alexey Vostokov, member of the Board of Directors and CEO of Polyus PJSC, is CEO of Polyus MC LLC, the management company of the party to the transaction, Polyus Krasnoyarsk JSC (the Borrower under the Loan Agreement). The interested party's ownership interest (shareholding) in the public joint stock company and the legal entity that was a party to the transaction as at the transaction date: · Polyus PJSC: a 0.0016% interest in the authorized capital and a 0.0016% holding of ordinary shares; and · Polyus Krasnoyarsk JSC: no interest in the authorized capital, no holding of ordinary shares.	The decision to consent to the transaction was made by the Board of Directors of Polyus PJSC on 16 October 2023 (Minutes No. 20-23/SD dated 16 October 2023).

2. In the reporting period, Polyus PJSC did not enter into transactions recognized as major transactions under Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995.

Report on payments to governments

In its operations, the Polyus group strives to follow the highest standards of corporate governance and transparent business conduct, making necessary payments to governments in strict compliance with applicable laws.

The Report confirms Polyus' adherence to the highest standards of corporate governance and transparency.

In 2023, all relevant payments were made to the budgets of the Russian Federation and its regions. The total amount of these payments was RUB 67,438 million.

Payments to governments in 2023, rub mln

	Income tax payments	Mineral extraction tax payments (royalties)	License and similar payments	Total payments
Krasnoyarsk Business Unit	28,746	18,764	61	**47,572**
Alluvials	1,161	1,054	168	**2,383**
Kuranakh	3,200	2,246	241	**5,687**
Verninskoye	5,356	2,629	40	**8,026**
Chertovo Koryto	–	–	–	**–**
Natalka	982	1,503	100	**2,585**
Sukhoi Log	0.03	–	6	**6**
Polyus Logistics	100	–	1	**101**
Polyus PJSC	2.43	–	–	**2**
Headquarters	687	–	–	**687**
Other consolidated payments, non-core activities, and intragroup eliminations	389	–	2	**391**
Total payments	**40,623**	**26,197**	**618**	**67,438**

Political contributions

No donations or other payments to political parties were made and no political expenditures were incurred by the Group in 2022 and 2023.

Cautionary statement

Polyus PJSC (the "Company", "Polyus", or the "Issuer") issues this Annual Report to summarize its operational activities and to provide trading guidance in respect of the consolidated financial statements for the year ended 31 December 2023. This Annual Report has been prepared solely to provide additional information to shareholders to assess the Company's and its subsidiaries' (the "group") strategies and the potential for those strategies to succeed. The Annual Report should not be relied on by any other party or for any other purpose.
This Annual Report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Polyus and its subsidiary undertakings when viewed as a whole.
The Annual Report may contain "forward-looking statements" concerning Polyus and/or the Polyus group. Generally, the words "will", "may", "should", "could", "would", "can", "continue", "opportunity", "believes", "expects", "intends", "anticipates", "estimates", or similar expressions identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the relevant forward-looking statements. Forward-looking statements include statements relating to future capital expenditures, business and management strategies, and the expansion and growth of Polyus' and/or the Polyus group's operations. Many of these risks and uncertainties relate to factors that are beyond Polyus' and/or the Polyus group's ability to control or estimate precisely, and therefore undue reliance should not be placed on such statements, which speak only as of the date of the announcement. Polyus and/or any Polyus group company assumes no obligation in respect of, and does not intend to update, these forward-looking statements, except as required pursuant to applicable law.

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