



## PRESS RELEASE

30 December 2021

### Petropavlovsk PLC

#### Update on Voting Results at the Annual General Meeting

At the Annual General Meeting (“AGM”) of Petropavlovsk PLC (the “Company”) on 30 June 2021, 20 per cent or more of votes cast were cast against the resolutions listed below. The Company reported the results of AGM voting in its announcement of 1 July 2021. The resolutions in question and voting results on each are as follows:

Resolutions		% For	% Against
3	To approve the directors’ remuneration policy	33.93%	66.07%
4	To approve changes to the long-term incentive plan	37.95%	62.05%
5	To approve the bespoke share option plan	20.71%	79.29%
9	To elect Denis Alexandrov as a director	46.71%	53.29%
14	To authorise the directors to allot shares	29.34%	70.66%
15	To authorise the directors to allot shares in connection with a rights issue	32.79%	67.21%
16	To dis-apply pre-emption rights on an allotment	32.90%	67.10%
17	To dis-apply pre-emption rights on an allotment for financing purposes	32.89%	67.11%
18	To authorise the convening of a general meeting on not less than 14 clear days’ notice	61.54%	38.46%

In its announcement of 1 July 2021, the Company confirmed its intent to consult shareholders in accordance with the UK Governance Code 2018 in order to understand better their concerns as expressed in voting at the AGM and to seek to address them to the extent possible in the best interests of all shareholders.

The Company has solicited views from larger investors on the underlying reasons for the votes against. These responses included a range of views and, while they were not always consistently expressed, key views included:

- More needs to be done to improve the Company’s performance and shareholder value, both in terms of the share price and returns to shareholders. There was a range of dissatisfaction expressed in this regard.
- A significant proportion of management’s remuneration should be based on performance, including specifically delivering sustainable returns to shareholders. The directors’ remuneration policy and proposals for implementation of that policy in 2021 were not perceived to create a sufficient link between potential pay outcomes and the achievement of specific and measurable KPIs based on strategic imperatives.
- The quantum of pay proposed for the Chief Executive Officer (“CEO”) and the bespoke share option plan put forward for shareholder approval gave rise to particular concerns. Notwithstanding that the remuneration package of the CEO (including the bespoke share option plan) had been discussed with and approved by major shareholders prior to the appointment of Denis Alexandrov, and despite the level of risk and uncertainty assumed by the CEO on taking on his role, some investors expressed

the view that the potential quantum of the award and the lack of applicable performance conditions created a misalignment with shareholder experience.

- Shareholders are keen to receive and have sight of the Company's revised strategy and see this as key to determining what acceptable performance looks like.
- UGC, the Company's largest shareholder, reiterated its public opposition to the Company proceeding with the disposal of its interest in IRC Limited to Stocken Board AG. UGC issued proceedings against the Company and its directors in this regard (the "Proceedings"). On 2 December 2021 the High Court found in favour of the Company and dismissed an application filed by UGC in connection with the Proceedings. UGC has now informed the Company that the Proceedings have been formally discontinued and announced that it would continue to explore options to protect the interests of the Company and its shareholders.
- These factors appear to have contributed to an unwillingness to mandate the Board to take steps which could result in the dilution of shareholder interests, coloured attitudes to other resolutions, including those on the directors' remuneration policy, which was otherwise expressed by some to be uncontroversial, and influenced voting on the election of the CEO and the Chairperson of the Remuneration Committee to the Board.

The Board notes the strength of shareholder sentiment and will take all due account of the views of shareholders. To address these concerns the Board intends:

- To publish the Company's revised strategy and development plan for the next three years in Q1 2022.
- The publication of the revised strategy will precede a consultation with major shareholders on a directors' remuneration policy to be put to shareholders at the AGM in Q2 2022. It is the firm intention of the Board that this remuneration policy
  - be designed to support and advance the strategy and promote the Company's long-term sustainable success; and
  - be implemented so as to create alignment with shareholder experience, ensuring that executive pay is aligned to the Company's purpose and values and that a significant portion of executive remuneration is dependent on the achievement of specific, measurable, time bound and relevant KPIs.

The Board is grateful to shareholders for their time and attention in providing feedback on these matters. The Board remains committed to strengthening the governance of the Company and will continue to engage with larger shareholders and institutional investors in order to understand better their views and, in particular, to help shape remuneration policy and practice for 2022.

## About Petropavlovsk

*Petropavlovsk PLC (LSE: POG. MOEX: POGR) is a major integrated Russian gold producer with JORC Resources of 19.50Moz Au which include Reserves of 7.16Moz Au. Following its IPO on the Alternative Investment Market (AIM) in 2002, Petropavlovsk was promoted to the London Stock Exchange in 2009, where today it is a Premium Listed company and a constituent of the FTSE 250, FTSE 350 and FTSE All Share indices. The Company's shares also trade on the Moscow Exchange and are a constituent of the RTS Index and MOEX Index.*

*The Company's key operating mines (Pioneer, Malomir and Albyn) and its Pokrovskiy Pressure Oxidation (POX) Hub, are located in the Amur Region in the Russian Far East. Petropavlovsk has produced a total of c.8.6Moz of gold since operations began in 1994 and has a strong track record of mine development, expansion, and asset optimisation.*

*Petropavlovsk is one of the region's largest employers and one of the largest contributors to the sustainable development of the local economy.*

## For more information

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