

Approved by Resolution  
of the Board of Directors  
of Open Joint Stock Company  
Polyus Gold  
dated 21 May, 2008  
Minutes №08-08/СД

## **STATUTE**

**on Staff and Remuneration Committee  
of the Board of Directors  
of OJSC Polyus Gold**

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## 1. General

1.1. The Statute on the Staff and Remuneration Committee of the Board of Directors of OJSC Polyus Gold (“**Statute**”) is prepared pursuant to RF Law, the Charter of OJSC Polyus Gold (“**Company**”), Statute on the Board of Directors and other internal documents of the Company. The Statute regulates issues relating to tasks, organization and activities of the Staff and Remuneration Committee of the Company’s Board of Directors.

1.2. The Staff and Remuneration Committee of the Company’s Board of Directors (“**Committee**”) is a consultative body of the Company’s Board of Directors, is established pursuant to the decision of the Company’s Board of Directors and is governed in its activities by applicable law, the Company Charter, Statute on the Company’s Board of Directors, this Statute and other internal documents of the Company.

1.3. The Committee is a standing working body of the Company’s Board of Directors and reports to the Board of Directors.

1.4. All the issues that are included in the Board of Directors’ work plan and lie within the scope of the Committee shall be first considered at Committee’s meetings.

1.5. Decisions made by the Committee have a status of draft resolutions of the Board of Directors and shall be approved by the Company’s Board of Directors at its meetings.

1.6. The Committee may not act on behalf of the Company’s Board of Directors.

## 2. Goals and Tasks of the Staff and Remuneration Committee

2.1. The goal of the Committee is to ensure an in-depth analysis of issues that lie within the Board of Directors’ scope in the sphere of selection of personnel to sit in the Company’s management bodies and establish essential conditions of contracts with them, prepare recommendations for the Company’s Board of Directors and General Director, and enforce resolutions passed by the Board of Directors that are within the Committee’s terms of reference.

2.2. The task of the Committee is to prepare and provide recommendations (conclusions) for the Company’s Board of Directors along the following lines:

- formulation of the Company’s remuneration policies that define principles and criteria for determination of the amount of remuneration for members of the Board of Directors, a sole executive body, heads of major structural divisions of the Company and other payments to said persons out of the Company’s funds, and also criteria for appraisal of their performance;
- definition of criteria for selection of a candidacy of a sole executive body and heads of major structural divisions of the Company;
- expert analysis of the Company’s personnel and payroll policies; and
- appraisal of personnel reserve for the Company’s top executive positions.

### **3. Terms of Reference of the Staff and Remuneration Committee**

3.1. The Committee's terms of reference include preliminary review, analysis and preparation of recommendations (conclusions) for the Company's Board of Directors on the following issues:

- assistance in having qualified experts involved in the management of the Company;
- preparation of recommendations on issues pertaining to the establishment and early termination of authority of the Company's sole executive body;
- formulation of proposals to define essential conditions of a contract with the Company's sole executive body;
- definition of criteria for selection of candidates for members of the Company's Board of Directors and the Company's sole executive body;
- appraisal of performance of a person performing the functions of the Company's sole executive body;
- monitoring of the Company's system of remuneration of the Company's employees and heads of divisions;
- monitoring of the Company's system of remuneration of members of the Company's Board of Directors, sole executive body and Auditing Committee;
- formulation of proposals for principles and criteria for determination of the amount of remuneration for members of the Company's Board of Directors, sole executive body and Auditing Committee; and
- preparation of proposals and recommendations for the provision of material incentives for the Company's employees.

3.2. The Committee's terms of reference may also include other functions vested in it by decisions of the Company's Board of Directors.

### **4. Rights of the Staff and Remuneration Committee**

4.1. The Company's Board of Directors shall vest the Committee with the following rights:

- to investigate the issues that lie within its scope;
- to participate in procedures for ensuring compliance with decisions and instructions of the Company's Board of Directors on issues pertaining to its activities, inter alia, pursuant to individual instructions (decisions) of the Board of Directors;
- to request and obtain information and documents required for its activities from the Company's officials and Secretary of the Board of Directors;
- to invite, if needed, the Company's General Director, members of the Auditing Committee and other persons to attend meetings of the Staff and Remuneration Committee; and
- to prepare, if needed, draft changes in, and amendments to, this Statute and submit them to the Company's Board of Directors for approval.

### **5. Obligations of the Staff and Remuneration Committee**

5.1. The Committee shall:

- perform the functions vested in it pursuant to this Statute, RF Law, the Charter and internal documents of the Company;

- provide conclusions on issues included in the agenda of the Company Board of Directors' meetings that lie within its scope within no later than ten (10) calendar days from the date of submission of a relevant issue and necessary material to the Committee for review;
- furnish the Board of Directors with economically viable and legally substantiated recommendations (conclusions) on issues that lie within its scope;
- duly inform the Board of Directors about risks the Company is exposed to;
- report its performance to the Board of Directors as the latter may require; and
- not disclose information about the Company, which constitutes a commercial and/or official secret.

## **6. Procedure for Establishment of the Staff and Remuneration Committee**

6.1. The Committee consists of three members one of which should be an independent director. For purposes of this Statute independent directors shall be members of the Company's Board of Directors, who are recognized as such pursuant to the Company's Charter.

6.2. A member of the Company's Board of Directors elected to the Committee as an independent director in the event of circumstances under which he loses an independent director status shall inform the Chairman of the Company's Board of Directors accordingly within no less than five (5) working days after the onset of such circumstances. If as a result of the loss of such status there are no independent directors sitting in the Committee, the Company's Board of Directors shall elect a new Committee as defined by this Statute within two (2) weeks from the date of notice.

6.3. Members of the Committee shall be elected at a meeting of the Company's Board of Directors from members of the Company's Board of Directors for a period of time until a new Board of Directors is elected at a General Meeting of the Company's Shareholders. A decision on election of Committee members is passed by a simple majority of votes of the total number of members of the Company's Board of Directors attending the meeting.

6.4. Members of the Committee may be elected the unlimited number of times.

6.5. Authority of all or some Committee members may be terminated before their term ends as decided by the Company's Board of Directors.

6.6. Early termination of the authority of a Committee member shall occur:

- in the event of abnegation, by a Committee member, of his powers. A Committee member may abnegate his powers as a member of the Committee by giving the Chairman of the Company's Board of Directors a month's notice in writing;
- in the event of early termination of the authority of a Committee member as a member of the Company's Board of Directors; and
- if a Committee member is relieved of his duties by decision of the Company's Board of Directors.

6.7. If the authority of a Committee member is terminated on the initiative of such Committee member, the Company's Board of Directors shall elect a new Committee member at a nearest meeting, but within no later than one (1) month after the date on which such Committee member gave notice of abnegation of his powers as a member

of the Committee. A Committee member, who gave such notice, shall perform his functions in full scope until such time as a new member is elected to the Committee.

6.8. In the election of Committee members, preference shall be given to candidates with higher education in the area of finance, law, economy and management, and with professional experience in financial and managerial positions.

6.9. Committee members may be remunerated and/or compensated for costs incurred for the fulfillment of their obligations as defined by the procedure recommended by the Company's Board of Directors and approved by the General Meeting of the Company's Shareholders.

6.10. The Committee may be disbanded before its term ends as decided by Company's Board of Directors.

## **7. Chairman of the Staff and Remuneration Committee and his Election**

7.1. The Committee shall be chaired by an independent director.

7.2. The Chairman of the Committee shall:

- convene meetings of the Committee, fix the date, time, venue and procedure for holding them, and preside over Committee meetings;
- approve the agenda of Committee meetings following discussion with Committee members;
- organize discussion of issues at Committee meetings and hear invited persons;
- organize the obtaining of full and reliable information to enable the Committee to make relevant decisions for its efficient operation;
- assign duties among Committee members;
- prepare and approve a Committee meetings plan with due regard for a plan of the Company's Board of Directors meetings;
- report to the Company's Board of Directors on issues relating to Committee performance;
- decide to convene an extraordinary Committee meeting;
- coordinate enforcement of the Committee's decisions; and
- perform other functions as envisaged by applicable law, the Company Charter, this Statute and other internal documents of the Company.

## **8. Organization of Work of the Staff and Remuneration Committee**

8.1. The Committee shall perform as defined by this Statute and pursuant to the Committee's approved work plan.

8.2. The Committee may elect a Secretary for purposes of execution of documents and conduct of business.

8.3. All Committee members may access the Company's documents and information subject to non-disclosure, by them, of confidential information as defined in the Company's by-laws.

8.4. The Committee may solicit opinions from other Committees of the Company's Board of Directors on issues that are within its terms of reference. Committees may hold, if needed, joint meetings presided over by their chairmen as they may agree.

8.5. The Committee may, if needed, form working and expert groups as agreed with the Chairman of the Board of Directors.

8.6. A draft resolution of the Board of Directors shall be attached to material submitted by the Committee for meetings of the Board of Directors.

8.7. The Committee shall hold no less than four (4) meetings a year, plus meetings held by decision of the Chairman of the Committee, Chairman of the Board of Directors, by decision of the Company's Board of Directors and at the request of any Committee member or the General Director of the Company.

8.8. Persons entitled to request convocation of a Committee meeting by virtue of para 8.7. hereinabove shall send the Chairman of the Committee a request to convene the Committee, which request shall be in writing, substantiate the need for holding a Committee meeting and considering proposed issues and specify a person (and his position) moving that the Committee be convened. The request shall be signed by a person who made it.

8.9. The decision on convocation of a Committee meeting, its date, time, venue and agenda, and also on the list of persons invited to attend the meeting shall be made by the Chairman of the Committee.

8.10. The Committee convocation notice shall indicate:

- meeting format (joint presence or absentee voting);
- meeting time, date and venue, and in the event of absentee voting – deadline for receipt of voting bulletins (meeting date) and a postal address to which filled-out bulletins should be sent; and
- meeting agenda.

8.11. The notice shall be signed by the Chairman of the Committee. If the Chairman of the Committee is absent and the Committee must hold its meeting pursuant to this Statute, the convocation notice may be signed by any of Committee members. The notice shall be sent to Committee members within reasonable timeframes.

## **9. Procedure for Holding Meetings of the Staff and Remuneration Committee**

9.1. Committee meetings shall be presided over by the Chairman. If the Chairman of the Committee is absent, Committee members shall elect a chairman from those attending the meeting.

9.2. A Committee meeting shall be valid (have a quorum) if attended by no less than two (2) Committee members. In defining a quorum, account must be taken of written opinions of a Committee member absent from the meeting, which written opinion may contain such Committee member's voting both on all agenda items and some of those.

9.3. Committee meetings may be held in the form of joint presence of Committee members or absentee voting.

9.4. Members of the Company's Board of Directors, General Director of the Company, Company employees or other persons may attend Committee meetings at the invitation of the Chairman of the Committee or its members. Invitees shall have no rights to vote on agenda items.

## **10. Procedure for Making Decisions by the Staff and Remuneration Committee**

10.1. When making decisions, each Committee member shall have a single vote.

10.2. Committee decisions shall be passed by a simple majority of votes of the total number of all Committee members.

10.3. In defining results, account must be taken of written opinions of a Committee member absent from the meeting, which written opinion should be presented pursuant to para 9.2. hereinabove.

10.4. A Committee member abstaining from voting or casting a Nay vote may state in writing his specific opinion within no less than 24 hours after the Committee meeting and request that it be entered in the Minutes of the meeting.

## **11. Procedure for Making Changes in, and Amendments to, the Statute on the Staff and Remuneration Committee**

11.1. This Statute with all amendments and addenda thereto shall be approved by the Company's Board of Directors.

11.2. Amendments and addenda to the Statute may be proposed by the Committee or its Chairman.

11.3. For other issues not covered by this Statute, the Company Charter, other internal documents of the Company and applicable RF Law shall apply.