

POLYMETAL INTERNATIONAL PLC (the *Company*)

**DIVISION OF RESPONSIBILITIES BETWEEN CHAIR AND
GROUP CHIEF EXECUTIVE OFFICER AND ROLE OF
SENIOR INDEPENDENT DIRECTOR**

This division of responsibilities is based on provisions in the UK Corporate Governance Code (the *Code*), which provides that the division of responsibilities between the Chair and the Group Chief Executive Officer should be “clearly established, set out in writing and agreed by the board”. It also sets out the Senior Independent Director’s responsibilities, which is also based on the Code.

This memorandum should be read in combination with the Code, which provides that the Nomination Committee should provide a description of the role and capabilities required for a particular appointment. As the Code does not set out details on the responsibilities of the Group Chief Executive Officer, this document suggests various responsibilities to be considered.

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DIVISION OF RESPONSIBILITIES BETWEEN CHAIR AND GROUP CHIEF EXECUTIVE OFFICER AND ROLE OF SENIOR INDEPENDENT DIRECTOR

This document sets out the division of responsibilities between the roles of the Chair and Group Chief Executive Officer in accordance with the UK Corporate Governance Code (the *Code*). It also sets out the responsibilities of the Senior Independent Director. Any change to the division of responsibilities between the Chair and Group Chief Executive Officer is a matter reserved to the Board.

1. ROLE OF CHAIR

The Chair reports to the Board and is responsible for the leadership and overall effectiveness of the Board and setting the Board's agenda. The Chair is not responsible for the day-to-day management of the Group.

Responsibilities

- Effective running of the Board by ensuring meetings are held with appropriate frequency and that the Board agenda is forward looking and reflects the important issues facing the Group, with an emphasis on strategic rather than routine issues.
- Ensure the frequency and depth of evaluation of the performance of the board and its committees is in compliance with best practice and appropriate action, if required, is taken on the results of any such evaluation and confirm that an individual's performance continues to be effective and to demonstrate commitment to the role when they are proposed for re-election.
- Ensure there is appropriate delegation of authority from the Board to executive management.
- Chair the Nomination Committee to lead the process for board appointments and identify and recommend candidates for the approval of the Board to fill board vacancies as and when they arise or additional appointments to enhance the effectiveness, skills, knowledge, leadership and experience of the Board (except that of successor Chair).¹
- Promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.
- Ensure the Board receives accurate, clear and timely information including that on the Company's current performance, to support sound decision making, monitor effectively, and enable individual directors to fulfil their duties as directors.
- Ensure, with the support of the company secretary, compliance with Board approved procedures, such as the Matters Reserved to the Board and Committee Terms of Reference and that they are reviewed by the Board at least annually.

¹ This assumes the Chair will chair the Nomination Committee.

- Oversee the company secretary's responsibilities for ensuring good information flows within the board and its committees and between senior management and non-executive directors, as well as facilitating induction and assisting with personal development as required.
- Facilitating the effective contribution of non-executive directors and encouraging active engagement by all members of the board.
- Ensuring constructive relations between the executive and non-executive directors.
- Hold meetings with the non-executive directors without executive directors or senior management present.
- Managing the board to allow enough time for discussion of complex or contentious issues. The Chair should ensure that directors (particularly non-executive directors) have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making.
- Ensure, with the support of the company secretary, that new directors are provided with a full, formal and tailored induction programme on joining the Board.
- Ensure, with the support of the company secretary, that the development and ongoing training needs of individual directors and the Board as a whole are regularly reviewed at least annually and agreed.
- Ensure effective communication by the Group with its shareholders, including discussing governance, remuneration and strategy with major shareholders.
- Ensure that the views of the shareholders are communicated to the Board as a whole so that all directors develop an understanding of their views.
- Arrange for the chair of the Audit, Remuneration and Nomination Committees to be available to answer questions at the AGM and for all directors to attend.
- With the assistance of the company secretary, promote high standards of corporate governance, in compliance with the Code.

2. ROLE OF GROUP CHIEF EXECUTIVE OFFICER

The Group Chief Executive Officer reports to the Chair and to the Board directly and is responsible for all executive management matters of the Group². All members of executive management report directly to the Group Chief Executive Officer.

² The Group Chief Executive Officer carries out executive management of the Group companies operating in Russia. The other companies of the Group have their own management responsible for day-to-day running of the business; the Group Chief Executive Officer exercises supervisory and control functions over such companies in the capacity of a member of the board of directors of the Company and other Group holding companies through appropriate legal instruments (supervision, group policies, reporting, approval of proposals etc.)

Responsibilities

- Management of the Group within the authority limits delegated by the Board.
- Develop and propose Group strategy, annual plans and commercial objectives to the Board, having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders.
- Lead the executive team in the management of the Group to achieve the commercial objectives and execution of group strategy approved by the Board.
- Identify and execute strategic opportunities.
- Examining all trade investments and major capital expenditure proposed by subsidiary companies and the recommendation to the group board of those which, in a group context, are material either by nature or cost.
- Identifying and executing acquisitions and disposals, approving major proposals or bids.
- Manage the Group's risk profile, including the health and safety performance of the business, in line with the extent of risk identified as acceptable by the Board and ensure appropriate internal controls are in place.
- Keep the Chair informed of all important matters.
- Review the operational performance and strategic direction of the Group.
- Ensure, with the executive team, that Board decisions are implemented effectively and that significant decisions made by the Executive Committee are communicated to the Board.
- Ensure the executive team gives appropriate priority to providing accurate, clear and timely reports to the Board.
- Maintain a dialogue with the Chair and the Board on important and strategic issues facing the Group.
- Ensure the Chair is alerted to potential complex, contentious or sensitive issues affecting the Group.
- Make recommendations on remuneration policies, executive remuneration and terms of employment for senior employees.
- Advise and make recommendations in respect of Board nominations and succession planning.
- Ensure, with the support of the company secretary, that the executive team comply with the matters delegated by the Board and terms of reference of Board committees and ensure matters outside the authority of the executive team are escalated to the Board.
- Ensure the development needs of the executive directors and senior management are identified and met and ensure succession planning.

- Ensure effective communication with shareholders and that appropriate, timely and accurate information is disclosed to the market, with issues escalated promptly to the Management Board.
- Develop Group policies for Board approval and implement them, including the share dealing code and communications policy (if applicable).

3. SENIOR INDEPENDENT DIRECTOR (SID)

a) Shareholders

- Be available to shareholders if they have concerns which contact through the normal channels of Chair or Group Chief Executive Officer or executive directors has failed to resolve or for which such contact is inappropriate.
- Attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders.

b) Chair and other Directors

- Chair the Nomination Committee when it is considering succession to the role of Chair of the Board.³
- Provide a sounding board for the Chair and serve as an intermediary for the other directors when necessary.
- Meet other non-executive directors without the Chair present at least once a year to appraise the Chair's performance, taking into account the views of executive directors, and on such other occasions as are deemed appropriate.

³ This assumes the Chair will chair the Nomination Committee.