

**APPROVED**  
**by the Board of Directors of**  
**Polymetal International plc**

**POLYMETAL INTERNATIONAL PLC (the *Company*)**

**REMUNERATION COMMITTEE – TERMS OF REFERENCE**

Along with the AIFC regulations and AIX Corporate Governance Principles the terms of reference follow the UK Corporate Governance Code and recommend a minimum of three independent non-executive directors. The chair of the Board can only be a member if they were independent on appointment and cannot chair the committee. Before appointment as chair of the remuneration committee, the appointee should have served on a remuneration committee for at least 12 months. The company secretary or their designee should act as secretary to the committee.

The terms of reference provide that the Committee will consist of at least three independent non-executive directors, with a quorum of two, provided that the majority of directors participating (whether by means of electronic communication or otherwise) are located outside the United Kingdom, or the Republic of Kazakhstan, or the Russian Federation. The chair of the Committee will be appointed by the Board and will be an independent non-executive director. The Committee will meet at least twice a year and notice and supporting papers must be sent at least five working days before the meeting unless all Committee members agree otherwise.

## **POLYMETAL INTERNATIONAL PLC (THE “COMPANY”)**

### **REMUNERATION COMMITTEE - TERMS OF REFERENCE**

#### **1. BACKGROUND**

1.1 The Board of Directors of the Company (the *Board*) has resolved to establish a Remuneration Committee (the *Committee*). These terms of reference replace any previous terms of reference for any remuneration committee of the Board.

1.2 In this document ‘*Group*’ means the Company and its subsidiary undertakings from time to time.

#### **2. DUTIES OF THE COMMITTEE**

2.1 The duties of the Committee shall be:

- (a) to determine the framework or broad policy for the remuneration (including pension rights and any compensation payments) of the Board chair, executive and non-executive director(s), and to ensure that a formal and transparent procedure for determining that remuneration is in place (the remuneration of non-executive directors being a matter for the chair of the Board and the executive members of the Board within the limits set in the articles of association and the Company’s shareholder approved remuneration policy), to review the abovementioned policy for the remuneration from time to time and to supervise its implementation;
- (b) to approve remuneration including any compensation payments of the executive group that is composed of any other members of the executive management as the Committee may determine from time to time (the *Executive Group*);
- (c) to determine recommendations to the Board of Directors for determination of the remuneration amount and principles of bonus payments of the Company Secretary;
- (d) to take into account all factors deemed necessary when determining the remuneration policy, including, without limitation, relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and such other guidance as it considers relevant and to ensure that a formal and transparent procedure for developing that policy is in place, the objective of which shall be to support strategy, promote long-term sustainable success whilst having regard to the risk appetite of the Company; the remuneration of the executive director(s) should be aligned to the Company’s purpose and values and be clearly linked to the successful delivery of the Company’s long term strategy;
- (e) when determining remuneration policy and practices, to address that:

- (i) remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
  - (ii) remuneration arrangements should avoid complexity and their rationale and operation should be easy to understand;
  - (iii) remuneration arrangements should ensure that the following risks are identified and mitigated: reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans;
  - (iv) the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy;
  - (v) there should be a clear link between individual awards, the delivery of strategy and the long-term performance of the Company and outcomes should not reward poor performance; and
  - (vi) incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy;
- (f) to review and have regard to the remuneration trends across the Company or Group when determining the remuneration policy for directors;
- (g) to consider, monitor and review the ongoing appropriateness and relevance of the remuneration policy (including its level and structure) and consult with significant shareholders and other stakeholders as appropriate;
- (h) to consider and determine all elements of the remuneration of the Executive Group, namely:
- (i) base salary (the Committee shall also consider the pension consequences of basic salary increases);
  - (ii) bonuses and performance-related payments (including profit-sharing schemes);
  - (iii) discretionary payments;
  - (iv) pension contributions;
  - (v) benefits in kind; and
  - (vi) share options and their equivalents;
- (i) in respect of any element of remuneration of the Executive Group which is performance-related, to formulate suitable performance-related criteria, monitor their operation, undertake the regular preliminary estimation of their performance annually and approve the total annual payments made under such schemes including the terms of any malus or clawback arrangement;

- (j) to review workforce remuneration and related policies and the alignment of incentives and rewards with culture and take these into account when determining the remuneration of the Executive Group;
- (k) to promote long-term shareholdings by the executive director(s) that support alignment with long-term shareholder interests;
- (l) to consider and determine other provisions of the service agreements of the Executive Group (in particular the term, any notice period and compensation commitment on early termination);
- (m) individually to exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances;
- (n) to approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of the executive director(s) or other member of the Executive Group and any other terms and conditions to apply on termination of that person's employment (once the decision to dismiss or reach agreement to terminate employment has been taken by the Board) and to ensure such payment or benefit is consistent with the most recent directors' remuneration policy that has been approved by shareholders (where applicable) or is otherwise approved by the shareholders as required by the Rules (as defined below) and to ensure that such terms are fair to the individual and Company, that poor performance is not rewarded and that the duty to mitigate loss is fully recognised;
- (o) to agree the policy for authorising claims for expenses from the directors;
- (p) to review all aspects of any executive share scheme operated by or to be established by the Company including but not limited to (subject always to the rules of that scheme and any applicable legal and stock exchange requirements and with any requirements of Her Majesty's Revenue and Customs (or any other local tax requirements)):
  - (i) the selection of those eligible executives of the Company and its subsidiary companies to whom options or awards should be granted;
  - (ii) the timing of any grant;
  - (iii) the numbers of shares over which options or awards are to be granted;
  - (iv) the exercise price at which options or awards are to be granted;
  - (v) the imposition of any objective condition which must be complied with before any option or award may be exercised; and
  - (vi) approval of share issues under any employee share scheme;

- (q) to have regard in the performance of its duties to any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share schemes (in particular the principles and provisions of the UK Corporate Governance Code, the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and the Market Abuse Regulation and guidelines published by institutional investors) which the Committee considers relevant or appropriate;
- (r) to ensure that provisions regarding disclosure of information relating to directors' remuneration, including pensions, and where required by law, the directors' remuneration policy and its implementation, as set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Financial Conduct Authority's Listing Rules, the UK Corporate Governance Code and all other relevant laws, regulations and guidance (each as amended from time to time) (the **Rules**), are fulfilled and to produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report;
- (s) to ensure that the policy and report(s) referred to in paragraph 2.1(r) above are put to the shareholders for approval as required by the Rules and all other relevant laws and regulations;
- (t) to consider and make recommendations to the Board concerning disclosure of details of remuneration packages and structures in addition to those required by law or by the Financial Conduct Authority or the London Stock Exchange;
- (u) to review and advise the Board on any major changes in employee benefit structures throughout the Company or Group;
- (v) to report formally to the Board on the Committee's proceedings and on how it has discharged its duties and responsibilities (unless it would be inappropriate to do so) and to make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- (w) to be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee within any budgetary restraints imposed by the Board and considering any other connection that they may have with the Company or Group;
- (x) to work and liaise as necessary with all other board committees; and
- (y) to consider any other matters as may be requested by the Board.

2.2 In relation to the above, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company.

2.3 The duties of the Committee do not include decisions to employ or dismiss members of the Executive Group. The Committee does not have responsibility for nominations to the Board.

### **3. COMPOSITION**

3.1 The Committee shall be made up of at least three members appointed by the Board on the recommendation of the Nomination Committee and in consultation with the chair of the Committee from time to time. The Committee shall consist of independent non-executive directors as determined by the Board. Any member who is determined by the Board no longer to be independent shall cease to be a member of the Committee. The chair of the Board may be a member of, but not chair, the Committee provided they were considered independent on appointment.

3.2 Only members of the Committee have the right to attend Committee meetings. However other individuals may be invited to attend all or part of any meeting.

3.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for no more than two further three-year periods, provided the director remains independent and still meets the criteria for membership of the Committee.

3.4 The Board shall appoint one member of the Committee to act as its chair who shall be an independent non-executive director. The chair of the Committee shall not be the chair of the Board and should have served on a remuneration committee for at least 12 months before appointment as chair. In the absence of the Committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

### **4. QUORUM**

4.1 The quorum necessary for the transaction of business shall be two members, provided that the majority of directors participating (whether by means of electronic communication or otherwise) are located outside the United Kingdom, or the Republic of Kazakhstan, or the Russian Federation.

4.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### **5. MEETING ADMINISTRATION**

5.1 The Committee shall meet at least twice a year at the times as may be agreed by the members and at such other times as determined by the Committee chair. Any of the Committee members may request a meeting of the Committee if he or she considers it necessary. The Committee may hold meetings by telephone or using any other method of electronic communication, and may take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the chair of the Committee.

5.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or by the Board.

5.3 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date and dial-in details (if required) together with an agenda of the items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

5.4 No Committee member shall participate in any discussion or decision on their own remuneration.

5.5 Only Committee members are entitled to vote on matters proposed at meetings.

## **6. SECRETARY**

6.1 The company secretary or such person as the company secretary nominates shall act as the secretary of the Committee.

6.2 The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

6.3 The secretary shall ascertain at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly.

6.4 Draft Minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once agreed, minutes shall be circulated to all other members of the Board, unless in the opinion of the chair of the Committee it would be inappropriate to do so.

## **7. SELF EVALUATION**

The Committee shall, at least once a year, review its own performance, composition and terms of reference and recommend any changes it considers desirable to the Board for approval.

## **8. REPORTING RESPONSIBILITIES**

8.1 The Committee chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

8.2 The Committee shall make such recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is desirable.

8.3 The Committee shall ensure that provisions regarding disclosure of information relating to directors' remuneration, including pensions, and where required by law, the directors' remuneration policy and its implementation, as set out in the Rules, are fulfilled and produce a report of the Company's remuneration policy

and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the Company's annual general meeting (*AGM*). If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.

8.4 Through the chair of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

8.5 The Committee chair shall attend the AGM to respond to any shareholder questions on the Committee's activities.

## **9. OTHER MATTERS**

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Financial Conduct Authority's Listing, AIX Rules and Regulations, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- (d) at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary or desirable to the Board for approval; and
- (e) review any investigation of activities which are within its terms of reference.

## **10. AUTHORITY**

10.1 The Committee is authorised by the Board to:

- (a) undertake any activity within its terms of reference;
- (b) seek any information that it requires from any Group employee, contractor, consultant or other provider of services to the Company (including legal and tax advisers) in order to perform its duties;
- (c) obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference and to invite those persons to attend meetings of the Committee;
- (d) call any Group employee, contractor, consultant or other provider of services to be questioned at a meeting of the Committee, as and when required;



- (e) publish in the Company's annual report details of any issues that have not been resolved between the Committee and the Board;
- (f) delegate any of its powers in accordance with the articles of association of the Company;
- (g) to obtain, at the Company's expense, but within any budgeting constraints imposed by the Board, remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties;
- (h) to obtain the advice and assistance of any of the Company's executives provided their role in providing such advice and assistance is clearly separated from their role within the business; and
- (i) to secure the attendance of a person with relevant experience and expertise at Committee meetings if it considers this appropriate.