

ANDRADA MINING LIMITED
(“the Company” or “Andrada”)



Environmental, Social and Governance (ESG) Committee
Terms of Reference

1. CONSTITUTION OF THE COMMITTEE

- 1.1 The Environmental, Social, and Governance Committee (“the Committee”) is constituted as a committee of the board of directors of Andrada Mining Limited (“the Board”) in respect of all duties assigned to it by the Board from time to time.¹
- 1.2 The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities they have as members of the Board.
- 1.3 The deliberations of the Committee do not reduce the individual and collective responsibilities of the Board and each member of the Board (“Board Member”) in regard to their fiduciary duties and responsibilities and they must continue to exercise due care and judgement in accordance with their legal obligations.
- 1.4 These Terms of Reference are subject to the provisions of The Companies (Guernsey) Law, 2008, as amended (“Companies Law”), the Board Charter of September 2022, the Company’s Articles of Incorporation (“the AOI”)² and any other applicable law or regulatory provision. Guidance is also taken from the principles and relevant recommendations of The Quoted Companies Alliance Corporate Governance Code for Smaller Companies 2018 (“the QCA Code”).³
- 1.5 References to the Group shall mean Andrada Mining Limited and its subsidiary companies, as contemplated in section 531 of the Companies Law.⁴
- 1.6 In these Terms of Reference, unless inconsistent with the content, words importing any one gender include the other genders; the singular include the plural and vice versa; and natural persons include created entities (corporate or non-corporate) and vice versa.

2. PURPOSE OF THIS DOCUMENT

The purpose of these Terms of Reference is to formally set out the nature and extent of the responsibilities delegated, decision-making authority, membership, meeting, and reporting procedures of the Committee.⁵

3. ROLE

- 3.1 The Group has set certain strategic priorities for it to achieve its Environmental⁶, Social and Governance (“ESG”) strategy and a key role of this Committee is to assist the Board in achieving this strategy.⁷
- 3.2 Furthermore, based on the specific duties of the Committee as set out in clause 7 (seven), the main role of the Committee is to support the Board by providing independent oversight of, *inter alia*:
 - 3.2.1 the review, on behalf of the Board, of management’s actions to run the Group as an environmentally and socially sustainable business that is capable of generating long term value for its stakeholders;
 - 3.2.2 the effective operation of the Group’s ESG policy;
 - 3.2.3 the drafting of the ESG strategy, policies, compliance systems and monitoring of the Group’s performance against industry practices;⁸
 - 3.2.4 the review of data from across the Group and then filtering and summarising it for the Board; and
 - 3.2.5 the writing and compiling the ESG content in the Company’s annual report and producing all information relating to ESG disclosures.

¹ Clause 7.1 Board Charter September 2022, page 9.

² Registered on 1 September 2017 and updated by special resolution on 29 September 2017.

³ © Quoted Companies Alliance 2018.

⁴ Page 599.

⁵ Clause 7.2 Board Charter September 2022, page 9.

⁶ Group Policy Statement: Environment adopted 28 September 2021.

⁷ Clause 5.8.10 Board Charter September 2022, page 8.

⁸ Andrada Annual Report 2022, page 27.

- 3.3 The Committee does not assume the functions of management, which remain the responsibility of the executive team and other members of senior management, nor does it assume accountability for the functions performed by other committees of the Board.

4. MEMBERSHIP

- 4.1 The Committee shall comprise at least 3 (three) members (“Committee Members”) appointed by the Board, all of whom shall be independent non-executive directors. At least 1 (one) of the Committee members shall be a Board Member
- 4.2 The Chairperson of the Board may be a member of the Committee and may also be its chairperson.⁹
- 4.3 The Chief Executive Officer shall attend meetings of the Committee but shall have no vote.
- 4.4 While the Board has the authority to appoint individuals who are not Board Members as Committee Members, the Board shall, in the interest of good governance and best practice, endeavour where reasonably possible to ensure that a majority of the Committee Members are Board Members, subject to such Board Members having the requisite knowledge, skills and expertise to fully understand ESG management and strategy.
- 4.5 Unless otherwise resolved by the Board, Committee Members shall be appointed on an annual basis.
- 4.6 The Chairperson of the Committee shall be appointed annually by the Board.
- 4.7 The Chairperson of the Committee shall be a Board Member.
- 4.8 In respect of Board Members, membership of the Committee shall automatically terminate in the event that an individual, for whatsoever reason, ceases to be a Board Member. In all other instances, membership of the Committee shall terminate as determined by the Board.
- 4.9 Notwithstanding the agreed tenure, the Board may at any time remove a Committee Member and fill the vacancy as the Board deems fit. In the event of the number of Committee Members being reduced below the number specified in clause 4.1, the Committee shall continue to function until such time as the vacancies have been filled by the Board.

5. ATTENDANCE AT MEETINGS

- 5.1 Committee Members are expected to attend all meetings of the Committee unless an apology has been submitted to the Chairperson and the Company Secretary.
- 5.2 Every Board Member who is not a Committee Member is entitled to attend any meetings of the Committee as an observer but shall not be entitled to participate without the consent of the Chairperson of the Committee. Furthermore, the Board Member shall not have a vote and is not entitled to fees for such attendance unless otherwise approved by the Board.¹⁰
- 5.3 Other individuals, including members of management, external consultants and service providers may from time to time be invited to attend meetings of the Committee, from time to time in consultation with the Chairperson.
- 5.4 If the Chairperson of the Committee is absent from the meeting, any other Committee Member may act as chairperson for that meeting as agreed by those present or as nominated by the Chairperson of the Committee.

⁹ Clause 11.1.18, Board Charter September 2022, page 15.

¹⁰ Article 25.1 of the AOI, page 38.

6. MEETINGS OF THE COMMITTEE

6.1 Frequency

6.1.1 The Committee will hold sufficient scheduled meetings to discharge its duties as set out in the Terms of Reference, subject to a minimum of 2 (two) meetings per year.

6.1.2 Any Committee Member may, in consultation with the Chairperson of the Committee, request additional (special) Committee meetings to be held when deemed appropriate. The Chairperson of the Committee may call a special meeting in response to such a request and shall call an obligatory meeting if the request is formally made by at least 2 (two) Committee Members.

6.2 Quorum

6.2.1 The quorum necessary to transact business will be a majority (50% plus 1) of Committee Members present in person or linked by telephone or video conference facility. For the avoidance of doubt, where three members are present, two (2) members shall constitute a quorum.

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

6.2.3 In the absence of a quorum and subject to the discretion of the Chairperson of the Committee, the meeting can either be postponed to a later date or can proceed as an informal meeting, with all resolutions required to be taken at the meeting being formally approved by way of a written resolution.

6.2.4 No resolutions tabled for approval by the Committee at a meeting which is not quorate shall be implemented or given effect to until formally approved at a subsequent meeting or via written resolution as contemplated in clause 6.2.3.

6.2.5 A written resolution circulated in terms of clause 6.2.3 requires approval in the absence of which a special meeting of the Committee shall be convened in order for the matter to be discussed at a later date.

6.3 Adjournment¹¹

6.3.1 Any meeting of the Committee may be adjourned by the Chairperson of the Committee, or other individual acting as chairperson of the meeting, with the consent of the meeting.

6.3.2 Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present. The Committee Members who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting.

6.3.3 If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business which might have been brought before or dealt with at the original meeting may be brought before or dealt with at any adjourned meeting, in accordance with the notice calling the original meeting.

6.3.4 All Committee Members shall be provided with notice of the date, time and place of adjourned meetings.

6.4 Meeting Procedures

6.4.1 The meetings of the Committee may be held in person, or by electronic communication as circumstances may require, provided that the required quorum is met and that the Committee Members can speak and hear one another clearly during the meeting.

¹¹ Article 31.11 of the AOI, page 47.

- 6.4.2 The Chairperson of the Committee, or individual acting as chair of the meeting, shall endeavour to reach consensus on any matter tabled for formal approval by the Committee. In the event that this is not achievable, the Chairperson of the Committee may call for a formal vote on the matter.
- 6.4.3 Decisions of the Committee will be taken by a simple majority vote (50% plus 1) of the Committee, and the Chairperson will have a casting vote.¹² For the avoidance of doubt, where three members are present, two (2) members shall constitute a quorum.
- 6.4.4 A Committee Member who is present at a meeting of the Committee, whether the Committee Member abstains from voting on a resolution or an action or remains silent, is deemed to have consented to any resolution passed or action taken at the meeting, unless:
- a) the Committee Member formally tables the dissent; and
 - b) requests that the dissent be entered in the minutes of the meeting, or a dissent is so entered.
- 6.4.5 A Committee Member who votes in favour of, or expressly consents to a resolution, is not entitled to thereafter table a dissent.
- 6.4.6 Committee Members are expected to be well prepared for meetings, to participate fully, frankly, and constructively to Committee discussions and other activities, and to bring the benefit of their knowledge, skills and abilities to the table.

6.5 *Annual Work Plan and Agenda*

- 6.5.1 An annual work plan, based on the duties of the Committee, shall be implemented, and approved by the Committee and shall be annually reviewed together with these Terms of Reference. The annual work plan shall provide guidance on the number, timing, and duration of Committee meetings in an annual cycle.
- 6.5.2 The agenda of Committee meetings is governed by the above-mentioned annual work plan to ensure that all relevant matters are covered.
- 6.5.3 The annual work plan must ensure proper coverage of matters laid out in the Committee's Terms of Reference.
- 6.5.4 A detailed agenda, approved by the Chairperson of the Committee, together with supporting documentation shall, barring exceptional circumstances, be circulated a minimum of 5 (five) working days prior to the meeting of the Committee.

6.6 *Minutes*

- 6.6.1 The Committee is required to keep minutes of all meetings. The Company Secretary will, therefore, attend and minute all meetings and record the proceedings and decisions taken, the details of which will remain confidential.
- 6.6.2 The minutes of the meeting must be completed as soon as reasonably possible and circulated to Committee Members no later than 10 (ten) working days after the meeting. The minutes shall be confirmed as a true record by the Committee at its next scheduled meeting or via electronic communication, whereafter it shall be signed by the Chairperson of the Committee or acting chair of the meeting.

¹² Article 31.11 of the AOI, page 47.

6.7 *Written Resolutions*

6.7.1 Subject to clause 6.2.1 & 6.2.5, a written resolution, consented to in writing by a majority (50% plus 1) of the Committee shall be valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted (provided, for the avoidance of doubt, that such resolution may be signed in counterparts and that any electronically transmitted copies of resolutions signed in counterparts shall be valid resolutions) and provided, further, that all Committee Members who are able to receive notice of the intended resolution have been given reasonable notice.

6.7.2 It shall be the policy of the Committee to limit the use of written resolutions to instances where resolutions are a formality, or where the matter requiring decision by written resolution is of such an urgent nature that it cannot be deferred until the next Committee meeting.

6.8 *In-committee meetings*

6.8.1 In-committee meetings of the Committee, where only Committee Members are present, may be held as and when deemed appropriate by the Chairperson of the Committee.

6.8.2 The Committee secretary (or duly authorised representative) shall be in attendance at in-committee meetings for minute purposes. In the event that the Committee secretary (or duly authorised representative) is also excused from the meeting, the Chairperson shall nominate a Committee Member to keep notes of the discussions and/or decisions for record purposes and shall furthermore circulate such records to all Committee Members that were present.

6.8.3 Separate minutes shall be prepared for in-committee meetings and shall be circulated to Committee Members for confirmation via electronic communication, whereafter it shall be signed by the Chairperson of the Committee.

7. RESPONSIBILITY AND DUTIES

ESG strategy, actions, and goals

The Committee shall:

7.1 Advise the Board on the effectiveness of the Group's ESG strategy, clarity of the Group's purpose, the application of its values and its management of environmental and social risks and opportunities.

7.2 Monitor the Group's ESG performance and execution, ensuring that it addresses matters of material impact and is aligned with accepted sectoral, national and international standards, as well as and any other applicable standards.

7.3 Oversee that appropriate objectives for ESG activities are in place and that key metrics are monitored and fairly reported.

7.4 Advise the Board on the appropriateness of ESG related policies, with consideration of their relevance, effectiveness and alignment with relevant national and international regulations and public expectations and are updated as necessary.

7.5 Receive updates and review current and emerging ESG trends, namely: -

- relevant international standards and legislative requirements;
- identify how these are likely to impact the strategy, operations and reputation of the Group; and
- determine if and how these are incorporated into or reflected in the Group's ESG policies and objectives.

7.6 Approve projects developed in response to the ESG strategy.

7.7 Make recommendations to the Board on any of the matters listed above.

Environment

- 7.8 Receive and review updates on the Group's progress towards achieving its targets regarding climate change, water stewardship, raw materials sourcing, waste management, mine closure planning, circularity and other environmental impacts such as biodiversity, heritage, air quality chemicals and microplastics.
- 7.9 Review management's approach to climate change management and the quantification of targets set to achieve value chain decarbonisation in line with publicly stated commitments in the Group Policy Statement: 'Climate Change'.¹³
- 7.10 Review management of nature-based risks and related target setting across the value chain, including management of the impact of materials and sourcing, manufacturing, distribution, and customer use and behaviour.
- 7.11 Review progress on implementation and management of the Group's environmental management system (EMS) and certification to the international standard ISO14001.

Social

Suppliers

- 7.12 Receive and review reports from Internal Audit on the adequacy of testing and controls of the supply chain risk and compliance framework.

Communities

- 7.13 Receive and review updates on the Group's social impact strategy and actions, ensuring focus on issues of most material impact and opportunity.
- 7.14 Review community investment programmes as well as employee volunteering and charitable programmes.¹⁴

People and Culture

- 7.15 Oversee action by management to engage the workforce and ensure the fitness and sustainability of the future workforce.¹⁵
- 7.16 Support and challenge the development of people and corporate culture, policies, and plans, including application of ethics and values, diversity, inclusion, accessibility, fair pay and reward policies.
- 7.17 Advise on the approach that the Company should implement to maintain a good ESG scorecard and social licence to operate.¹⁶
- 7.18 Oversee material updates to the Group Policy Statement: 'Human Rights' within its own operations and through the supply chain.¹⁷

Customer

- 7.19 Oversee action by management to ensure the fair treatment of customers.

¹³ Adopted 4 March 2022.

¹⁴ Group Policy Statement: Community adopted 4 March 2022.

¹⁵ Group Policy Statement: Sustainable Development adopted 28 September 2021.

¹⁶ AfriTin Annual Report 2022, page 27.

¹⁷ Adopted 4 March 2022.

Occupational Health and Safety

- 7.20 Review the governance and effectiveness of the integration of occupational health and safety into the Group's operations, policies, practices, and product development.
- 7.21 Oversee Group Safety performance and advise on the approach to improve safety at all Group operations.
- 7.22 Review progress on implementation and management of the Group's safety management system and certification to the international standard ISO45001.

Governance

- 7.23 Review the governance and effectiveness of the integration of environmental and social impact into the Group's operations, policies, practices, and product development.¹⁸
- 7.24 Consider the application of the values and purpose of the Group culture in its decision making.
- 7.25 Consider the ethical conduct of the Group and the effectiveness and application of its codes of conduct.
- 7.26 Oversee major internal and external ESG reporting as required, including information included in the annual report and submissions to external indices and benchmarks.
- 7.27 Review results of external assurance and fit with relevant ESG integrated reporting standards.
- 7.28 Advise the Board on appropriateness of executive and employee remuneration performance targets linked to ESG criteria.
- 7.29 Review the results of any reviews or independent audits of the Group's performance regarding ESG matters and review any strategies and action plans developed by management in response to issues raised.
- 7.30 Engage with stakeholders to solicit external perspectives and challenge, using stakeholder opinion and insight to contribute to boardroom decision making.¹⁹
- 7.31 Oversee the Group Whistleblowing process and provide a quarterly report to the Board on issues raised and their resolution.

8. DISCLOSURE AND REPORTING

- 8.1 The Chairperson of the Committee will report back to the Board regularly and after the Committee's latest meeting on the general principle of transparency and full disclosure.
- 8.2 The Committee will account to the Board for all its decisions in terms of such matters where the Committee has been granted decision-making authority.
- 8.3 The Committee will furthermore account to the Board for its activities and make recommendations to the Board on all matters within its duties and responsibilities, particularly those where the Committee considers action or improvement is needed, including recommendations on steps to be taken.
- 8.4 The Committee will be available at all times to advise the Chairperson of the Board on queries about the affairs and internal controls relating to the Committee's activities. Such engagement will be undertaken via the Chairperson of the Committee.

¹⁸ QCA Code P3, page 9.

¹⁹ Group Policy Statement: Stakeholder Relationship And Engagement adopted 4 March 2022.

9. AUTHORITY

- 9.1 The Committee shall have decision-making power in respect of such duties where decision-making power has been specifically delegated by the Board to the Committee in these Terms of Reference. In respect of all other duties as contained herein, the Committee shall only have the power to make recommendations to the Board.
- 9.2 The Committee is authorised by the Board to investigate any activity within its mandate. It is authorised, in consultation with the Chief Executive Officer, to seek any information it requires from any employee and all such employees are directed to co-operate with any request made by the Committee.
- 9.3 The Committee is authorised by the Board, subject to the approved process or policy, to obtain outside legal or other independent professional advice and to secure the attendance at meetings of the Committee of outsiders with relevant experience and expertise, if deemed necessary.
- 9.4 The Committee may establish and delegate authority to any Committee Member or sub-committee to assist it in carrying out its functions. Such delegation, and the extent thereof, shall be properly recorded in a formal resolution of the Committee passed at a meeting of the Committee, or via written resolution.
- 9.5 The Board shall meet all expenses reasonably incurred by the Committee in the fulfilling of its duties.

10. EVALUATION OF THE COMMITTEE

The performance of the Committee shall be formally evaluated every 2 (two) years by the Board, and the Committee shall review the outcome of the evaluation process and ensure that remedial action is taken based on recommendations.

11. REVIEW OF TERMS OF REFERENCE

This Terms of Reference may, from time to time, be amended as required and as recommended by the Committee, subject to the approval of the Board.