

**ANDRADA MINING LIMITED**  
("the Company" or "Andrada")



**Remuneration and Nomination Committee**  
**Terms of Reference**



## **1. CONSTITUTION OF THE COMMITTEE**

- 1.1 The Remuneration and Nomination 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.<sup>1</sup>
- 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 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 The Terms of Reference is subject to the provisions of the Companies (Guernsey) Law, 2008, as amended (“Companies Law”), the Company’s Articles of Incorporation (“the AOI”)<sup>2</sup>, the AIM Rules for Companies (“the AIM Rules”)<sup>3</sup> 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”)<sup>4</sup>, as well as the Remuneration Committee Guide 2019 (“the QCA Guide”).<sup>5</sup>
- 1.5 In this Terms of Reference, “Group” shall refer to the Company and its subsidiaries, as contemplated in section 531 of the Companies Law.
- 1.6 In this Terms of Reference, unless inconsistent with the content, words importing any one gender include the other two 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 this 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.<sup>6</sup>

## **3. ROLE<sup>7</sup>**

- 3.1 Managing human capital equitably and sustainably is central to the Group’s project development strategy.<sup>8</sup> The Committee’s primary focus will be on critical aspects of human capital, being the selection, performance and reward.

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<sup>1</sup> Clause 7.1 Board Charter September 2022, page 9.

<sup>2</sup> Registered on 1 September 2017 and updated by special resolution on 29 September 2017.

<sup>3</sup> The Alternative Investment Market, a specialised unit of the London Stock Exchange - Effective 1 January 2021.

<sup>4</sup> © Quoted Companies Alliance 2018.

<sup>5</sup> © Quoted Companies Alliance 2019.

<sup>6</sup> Clause 7.2 Board Charter September 2022, page 9.

<sup>7</sup> <https://www.iod.com/resources/factsheets/company-structure/the-roles-of-board-committees/>

<sup>8</sup> Andrada Annual Report 2022, page 24.

- 3.2 Furthermore, based on the specific duties of the Committee as set out in clause 7 (seven) hereunder, the main role of the Committee is to support the Board by providing independent oversight of remuneration governance with a particular focus on ensuring that the Group remunerates fairly, responsibly and transparently; so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.<sup>9</sup>
- 3.3 The additional role of the Committee is to assist the Board to ensure that:
- 3.3.1 The remuneration report and disclosure of non-executive directors' remuneration and executive remuneration is transparent, straightforward, accurate and complete; and
  - 3.3.2 an effective remuneration policy is in place, aligned with the Group's strategy, and is applied consistently throughout the Group at all employee levels.<sup>10</sup>
- 3.4 the process for nominating, electing and appointing members of the Board.
- 3.5 The evaluation of the performance of the Board (including committees and individual members);
- 3.6 the induction and ongoing training and development of Board members.
- 3.7 Succession planning in respect of the Board.
- 3.8 The Committee does not assume the functions of management, which remain the responsibility of the members of the executive team and other members of senior management, nor does it assume accountability of the functions performed by other committees of the Board. Committee members should therefore caution against overreaching into operational matters 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 who are able to resist any demands from executive directors and senior management.<sup>11</sup>
- 4.2 The Chairperson of the Board may be a member of the Committee, but not its chairperson.<sup>12</sup>
- 4.3 The Committee Members, as a whole, must have the relevant knowledge, skills, experience and capacity to execute his duties effectively.<sup>13</sup>

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<sup>9</sup> QCA Code page 5 and QCA Guide page 5.

<sup>10</sup> IoDSA Guidance for Remuneration Committees - A Framework for Remuneration Committees page 11 © Institute of Directors in South Africa 2020.

<sup>11</sup> QCA Guide page 8.

<sup>12</sup> The Association of Investment Companies, (AIC) Code of Corporate Governance (Guernsey edition) July 2016 Principle 5, page 17.

<sup>13</sup> The QCA Guide 2019, page 4.

- 4.4 The Chairperson of the Committee shall be appointed annually by the Board and shall be an independent non-executive director.<sup>14</sup>
- 4.5 Membership of the Committee shall automatically terminate in the event that a Member ceases, for whatsoever reason, to be a director of the Company.
- 4.6 Notwithstanding the agreed tenure, the Board may at any time remove a Committee Member and fill the vacancy as the Board deems fit in its sole discretion. In the event of the number of Committee Members being reduced below the number as 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 with reasons has been submitted to the Chairperson of the Committee 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, does not have a vote and is not entitled to fees for such attendance unless otherwise approved by the Board.<sup>15</sup>
- 5.3 The Chief Executive Officer and the head of human capital shall be required to attend each meeting of the Committee, unless otherwise indicated by the Committee. Other individuals, including members of management, external consultants and service providers may 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.
- 5.5 The Company Secretary (or duly authorised representative) shall be in attendance at each meeting of the Committee to act as secretary of the Committee (“Committee secretary”).

## **6. MEETINGS OF THE COMMITTEE**

### **6.1 *Frequency***

- 6.1.1 The Committee will hold sufficient scheduled meetings to discharge all its duties as set out in this Terms of Reference, subject to a minimum of 2 (two) meetings per year. In addition, ad hoc meetings may be required to agree on remuneration of new appointments or to deal with exceptional circumstances.

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<sup>14</sup> *The QCA Guide 2019, page 8.*

<sup>15</sup> *Article 25.1 of the AOI, page 38.*

6.1.2 Any Committee Member or the Chief Executive Officer 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 such a 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, 2 (two) shall constitute a quorum where the committee is comprised of three members.

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 until formally approved at the postponed meeting or via written resolution as contemplated in clause 6.2.3.

6.2.5 The written resolution circulated in terms of clause 6.2.3 requires unanimous approval, in the absence of which a special meeting of the Committee shall be convened in order for the matter to be discussed and formally approved during such special meeting.

## 6.3 *Adjournment*<sup>16</sup>

6.3.1 Any meeting of the Committee may be adjourned from time to time by the Chairperson of the Committee or other individual acting as chairperson of the meeting, with the consent of the meeting, to a fixed time and place.

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 thereat. 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 may be brought before or dealt with at any adjourned meeting, which might have been

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<sup>16</sup> Article 31.11 of the AOI, page 47.

brought before or dealt with at the original 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 the adjourned meeting.

#### 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 during the meeting.

- 6.4.2 The Chairperson of the Committee or individual acting as chairperson of the meeting shall endeavour to reach a consensus on any matter tabled for formal approval by the Committee. In the event of this not being 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), and the Chairperson of the Committee will have a casting vote.<sup>17</sup> 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 to be taken at the meeting 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 in Committee discussions and other activities and to bring the benefit of their particular 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 this Terms of Reference. The annual work plan shall provide guidance on the number, timing and duration of Committee meetings in an annual cycle.

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<sup>17</sup> Article 31.11 of the AOI, page 47.

- 6.5.2 The agenda of Committee meetings is governed by the above-mentioned annual work plan to ensure 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 so as to enable Committee Members to be properly prepared for the meeting.

#### 6.6 *Minutes*

- 6.6.1 The Committee is required to keep minutes of all meetings. The Committee 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 not 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, if necessary, where after it shall be signed by the Chairperson of the Committee or acting chairperson of the meeting.

#### 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 Members 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, such resolution may be signed in counterparts and 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 has been given reasonable notice.
- 6.7.2 It is the policy of the Committee to limit the use of written resolutions to instances where the resolution is a mere formality or where the matter requiring a 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 of the Committee shall nominate a Committee Member to keep notes of the discussions and/or decisions for record purposes and shall furthermore circulate same 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 where after it shall be signed by the Chairperson of the Committee.

## **7. DUTIES AND RESPONSIBILITIES**

7.1 The Committee has the following key duties and responsibilities:

### *7.1.1 Remuneration and performance governance*

- a) Oversee and recommend to the Board the development of, regular review and compliance with a remuneration policy that articulates and results in fair, responsible and transparent remuneration and that it achieves the following objectives:
  - i. to attract, motivate, reward and retain human capital;
  - ii. to promote the achievement of strategic objectives within the Group's risk appetite;
  - iii. to promote positive outcomes; and
  - iv. to promote an ethical culture and responsible corporate citizenship.
- b) Oversee the development of remuneration packages within the prescripts of the remuneration philosophy and policy to support the delivery of business objectives in the short, medium and long term.
- c) Ensure that the remuneration policy and specific remuneration packages are appropriate to align the interests of the executive team with the interests of long-term shareholders.
- d) Ensure that the Company can recruit and retain high-quality executives through fair and attractive, but not excessive, packages.
- e) Oversee the preparation of the remuneration report for inclusion in the annual report and recommend it to the Board for approval.<sup>18</sup>
- f) Manage the stakeholder relations with investors and other stakeholders deemed appropriate on remuneration matters at the annual general meeting and throughout the year.
- g) Ensure that the remuneration policy and implementation report are put to a non-binding advisory vote at the annual general meeting of shareholders.

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<sup>18</sup> The QCA Code, P10, page 16.

- h) Ensure that the Group remunerates in a manner that is fair, responsible and transparent in the context of the Group's overall remuneration; and promotes the achievement of strategic objectives and positive outcomes.
- i) Oversee that the implementation and execution of the remuneration policy achieves the objectives of the remuneration policy.
- j) Review and monitor the use of remuneration benchmarks for purposes of the remuneration policy.
- k) Oversee and recommend to the Board any material changes in employee benefit structures throughout the Group while ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- l) Regularly review and recommend amendments to incentive and retention schemes as deemed appropriate to meet the strategic objectives of the Company and the Group.

#### 7.1.2 *Executive and senior management remuneration and performance*

- a) As and when required, consider appropriate and credible benchmarks for executive remuneration in the listed environment.
- b) Consider the results of the evaluation of the performance of the CEO (lead by the Chairperson of the Board and this Committee), CFO and other Executives, both as directors (where applicable) and as executives when determining/reviewing remuneration (lead by the CEO).
- c) Determine the policy for and scope of pension arrangements, service agreements, termination payments, restraint of trade provisions, retention arrangements and other compensation commitments for executive directors and other senior executives and regularly review the relevant contracts of employment to ensure that the terms are compliant to relevant laws, aligned with good practice principles and appropriate given the role being performed.
- d) Annually review and approve the performance measurement criteria and targets for executive and senior management.
- e) Review and recommend to the Board the executive directors' performance contracts and balanced scorecard for the ensuing financial year
- f) Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives.
- g) Annually review and confirm achievement of the approved performance measurement criteria and targets contemplated above.

- h) Review the effectiveness of the Group executive succession planning process, including subsidiary executives and other key positions to provide continuity of leadership.
- i) Assist the Environmental, Social and Governance (“ESG”) Committee in advising the Board on the appropriateness of executive and employee remuneration performance targets linked to ESG criteria.

#### 7.1.3 *Non-executive director remuneration*

- j) As and when required, consider appropriate and credible benchmarks for non-executive remuneration in the listed environment.
- k) Annually consider the remuneration structure for non-executive directors as recommended by the CEO and recommend same to the Board for approval by shareholders at the annual general meeting.

#### 7.1.4 *Nomination and Evaluation, Development and Oversight*

- a) Ensure the establishment of a formal and transparent process for the nomination, election and appointment of members, including before nominating a candidate:
  - i. considering the collective knowledge, skills and experience required by the Board, the suitable size of the Board, the diversity of the Board and whether the candidate meets the appropriate fit and proper criteria;
  - ii. conducting independent reference, qualification, criminal and other background checks; and
  - iii. requesting confirmation from candidates of any other professional commitments/directorships held and considering whether they have sufficient time available to fulfil the responsibilities required by the Board.
- b) Recommend candidates to the Board for selection and appointment.
- c) Consider whether to recommend the re-election of non-executive members whose terms are coming to end, based on the members’ performance and attendance on the Board and committees.
- d) Formalise the appointment of non-executive members through an agreement between the Organisation and the non-executive member.
- e) Oversee the development and implementation of a formal induction programme for new Board members.
- f) Ensure that inexperienced Board members are developed through training or mentorship, where considered necessary.
- g) Oversee the development and implementation of continuous professional development (CPD) programmes for the Board.

- h) Consider and recommend to the Board targets in respect of gender and race representation needed on the Board.
- i) Oversee the annual performance assessment of the Board, Board committees and individual non-executive members and making recommendations to the Board based on the results of these assessments.
- j) Identify and recommend to the Board a replacement/successor for the Chief Executive Officer (“CEO”) as and when necessary.
- k) Ensuring that appropriate succession plans are established, formalised and implemented at Board level as well as executive and management level.

## **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 decisions made by the Committee in terms of such matters where the Committee has been granted decision-making authority and ensure that such decisions are duly reported to the Board.
- 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.
- 8.5 The Committee Chairperson, or in his/her absence another member of the Committee nominated by the Chairperson, shall attend the annual general meeting to answer questions on matters falling within the ambit of the Committee.

## **9. AUTHORITY**

- 9.1 The Committee shall have decision-making power in respect of such duties, if any, 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 certain of 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 Company 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 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.