

CHAARAT GOLD HOLDINGS LIMITED

TERMS OF REFERENCE OF THE ENVIRONMENTAL, SOCIAL, & GOVERNANCE COMMITTEE

Revised and adopted by the Board on 16 June 2021

CONSTITUTION AND PURPOSE

1. The Environmental, Social, and Governance (“ESG”) Committee (the “Committee”) was established by the board of directors of the Company (the “Board”) on 14 December 2018 originally as the Health, Safety, Environment, and Community Committee. Its purpose is to assist the Board in discharging governance responsibilities in respect of the Company’s safety, health, environmental, social, governance, and community functions. The membership, responsibilities, and authorities of the Committee are set out in these revised Terms of Reference, which may be amended by the Board from time to time.

MEMBERSHIP

2. The Committee members shall be appointed by the Board and shall preferably comprise at least two independent non-executive directors. The chair of the Committee (the “Chair”) shall be appointed by the Board.
3. Appointment to the Committee shall be for a period of up to three years, which may be extended for two further periods. The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies so created and, in any event, shall review the composition of the Committee annually.
4. Only Committee members have the right to attend Committee meetings. The chair of the Board, the CEO, and the COO may be invited to attend for all, or part of any meeting as considered appropriate, but have no right to vote.
5. The company secretary shall be the secretary of the Committee.
6. The membership of the Committee shall be set out in the annual report of the Company.

AUTHORITY AND SCOPE

7. The Committee:
 - (a) is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek information it requires from employees engaged in ESG activities for the Company and employees are directed to co-operate with any request made by the Committee;
 - (b) is authorised by the Board to have unrestricted access to the Company's technical consultants and to obtain, at the Company's expense, outside legal or other independent professional advice on any matter within its terms of reference and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;
 - (c) shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;

(d) shall consider such other matters as may be requested by the Board.

8. In discharging its responsibilities, the Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the company secretary 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) draw on other Board committees for expertise or refer matters to other Board committees for their consideration whenever it considers this appropriate;
- (d) provide recommendations to the Board about further development, modification, and the operational interpretation of the Company standards and criteria and the application of these interpretations;
- (e) Arrange third party reviews on the Company's safety, environmental and social programmes.
- (f) give due consideration to applicable laws and regulations, the provisions of the Financial Reporting Council's Corporate Governance Code, the Quoted Companies Alliance Corporate Governance Code, and the requirements of the London Stock Exchange rules for AIM companies as appropriate.
- (g) members of the Committee shall not, unless expressly authorised by the Company, represent the Company to external stakeholders. All representation of the Company to external stakeholders is the responsibility of the chair of the Board, the CEO, and the company secretary.

ACCOUNTABILITY

- 9. As a sub-committee of the Board, the Committee is answerable to the Board and shall report to it on a regular basis.
- 10. The Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee may, in addition, at any time request a full meeting of the Board at which its conclusions shall be reported.
- 11. At least once a year, the Committee shall review its own performance, constitution, and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

CONDUCT OF MEETINGS

Attendance and quorum

- 12. A quorum of the Committee shall be two members, attending either in person or by telephone or other similar means of communication.
- 13. Other Board members and members of management may be invited by the Committee to attend all or part of any meeting as and when appropriate. The Committee may invite any outsiders to attend its meetings as it deems appropriate.

Frequency of meetings

- 14. Meetings shall be held not less than three times a year and at such other times as the Chair shall deem necessary.

15. Meetings will be arranged as far as possible to tie in with publication of the Company's financial statements.
16. Sufficient time should be allowed to enable the Committee to undertake as full a discussion as may be required, and a sufficient interval should be allowed between Committee and Board meetings to allow for the Committee to undertake such work as is necessary in preparation for each Board meeting.

Notice of meetings

17. Meetings of the Committee shall be summoned by the company secretary at the request of any of its members.
18. Unless otherwise agreed notice of each meeting confirming the venue, time, and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than 3 working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee (as appropriate) at the same time.

Voting arrangements

19. The Committee should seek wherever possible to reach agreement by consensus. In exceptional circumstances where unanimity cannot be reached, each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending the meeting.
20. If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
21. Save where they have a personal interest, the Chair will have a casting vote.
22. No invited attendees shall have a vote at meetings of the Committee.

Minutes

23. Minutes of meetings shall be taken by the secretary of the Committee and shall be reviewed and approved by members of the Committee.
24. The secretary shall circulate the minutes of meetings of the Committee to all members of the Board and in any case, minutes shall be submitted to the Board as soon as possible. Finalised minutes of the meetings of the Committee will be circulated to the Board as part of the Board papers for each full meeting of the Board.

DUTIES AND TERMS OF REFERENCE

25. To ensure that the Company achieves its objectives of safeguarding the health of its employees, contractors and the public and maintaining good community relations.
26. To ensure that the Company conducts its operations without adverse incidents and maintaining exemplary workplace safety as its goal while always maintaining respect for the environment and community.

27. To ensure that the standards and procedures adopted for the Company's operations will meet the requirements of both the laws of local jurisdictions and international standards of best practice.
28. To ensure that all personnel, including contractors employed by the Company, are fully aware of their ESG responsibilities and have been properly trained. The commitment to, and ability to adhere to, the above objectives will be a key factor in selecting and awarding contracts to third parties.
29. To undertake regular monitoring, audit, and reporting of the Company's operational activity, to identify the necessary compliance with its ESG policies and objectives, and to adopt targets to achieve continuous improvement in ESG performance.
30. To review and approve the Company's ESG plans and procedures and to ensure technical excellence of the Company's ongoing ESG workstreams.
31. To provide advice to the Board about the scope of the Company's ESG standards.
32. To provide advice to the Board about further development, modification, and operation of the Company's ESG standards and criteria and the application of these.
33. To review and comment on the KPI reporting of any ESG accreditation bodies commissioned by the Company from time to time.
34. To address and give views on specific ESG matters on which the Board or the CEO requests advice.
35. To review and approve the Company's ESG working groups' terms of reference.
36. To review and provide advice and guidance on the work and output from the Company's ESG working groups.
37. To review and approve the Company's public disclosures regarding ESG performance.
38. To review and analyse the Company's progress with respect to each of the following:
 - (a) crisis management;
 - (b) diversity;
 - (c) process safety;
 - (d) occupational safety; and
 - (e) environmental performance.
39. To develop and monitor ESG executive performance targets for the Remuneration Committee of the Board.
40. To monitor the effectiveness of ESG compliance processes.

THE COMMITTEE SHALL REVIEW AND CHALLENGE WHERE NECESSARY:

41. The Company's ESG policies, systems, and position statements with regard to identifying and managing ESG risks to achieve safe and sustainable operations.
42. The clarity of disclosure in the Company's ESG statements and the context in which said statements are made.

43. The findings and conclusions of due diligence reports on ESG aspects related to mergers and acquisitions.

HONORARIUM, TRAVEL AND SUBSISTENCE EXPENSES

44. Members are eligible for reimbursement of reasonable travel and subsistence expenses according to the Company's travel policy.
45. Invited guests and experts can be eligible for honorarium on a case-by-case basis and are eligible for reasonable travel and subsistence expenses according to the Company's travel policy.
46. Refunds will be made against evidence of expenditure according to Company travel cost refunding procedures.

OBSERVERS & EXPERTS

47. At the Chair's discretion and following notification to the Committee, technical experts or others who can help take forward the work of the Committee may be invited to attend meetings as non-voting, participating observers.
48. Permanent observer status may be granted to particular organizations or individuals with an on-going interest in the work of the Company, such as representatives of relevant stakeholders. Permanent observer status must be requested in writing and may be revoked by the Chair.

WORKING GROUPS

49. The Committee may create temporary working groups to advance work outside of the regular meetings.
50. Working groups may consist of non-members in addition to members, as approved by the Committee.
51. The Committee shall draft and approve clear terms of reference and member composition for every working group as well as a timeline and a budget. Budget for working groups shall require the approval of the CEO.

CONFLICTS OF INTEREST AND CONFIDENTIALITY

52. Members with any conflicts of interest with particular agenda items shall advise the Chair ahead of, or at the beginning of, each meeting and absent themselves from the meeting room during consideration of the item.
53. Members shall maintain strict confidentiality regarding any designated commercially or politically sensitive information which might be shared while meetings and shall abide by any non-disclosure agreement relating to confidential or commercially sensitive information.