

CHAARAT GOLD HOLDINGS LTD

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Revised and adopted by the Board on 21 November 2019

CONSTITUTION AND PURPOSE

1. The Remuneration Committee has been established by the Board. Its purpose is to assist the Board in discharging its governance responsibilities:
 - (a) to ensure that remuneration policy and practices are designed to support strategy, purpose and values, which are clearly linked to the Company's long-term success;
 - (b) to establish a formal and transparent procedure for developing policy on remuneration for directors, executives, and senior management;
 - (c) to ensure that the Company's directors, executives and senior management are fairly rewarded for their individual contributions to the Company's overall performance by determining their remuneration; and
 - (d) to demonstrate to all stakeholders that the remuneration of the directors, executives and senior management is set out by a committee of the board who will give due regard to their interests through the financial and commercial health of the Company

The membership, responsibilities and authorities of the Committee are set out in these Terms of Reference, which may be amended by the Board from time to time.

MEMBERSHIP

2. The Remuneration Committee shall be appointed by the Board and shall comprise at least two independent non-executive directors. The Chairman of the Remuneration Committee shall be appointed by the Board.
3. Appointment to the Remuneration Committee shall be for a period of up to three years, which may be extended for two further periods, provided the director remains independent. The Board shall have the power at any time to remove any members from the Remuneration Committee and to fill any vacancies so created and, in any event, shall review the composition of the Remuneration Committee annually.
4. The Chairman of the Board shall not be a member of the Remuneration Committee.
5. Members of the Remuneration Committee must make any conflict of interests known to the Remuneration Committee as soon as any such conflict arises.
6. The Company Secretary or his or her nominee shall be the Secretary of the Remuneration Committee

AUTHORITY AND SCOPE

7. The Remuneration Committee:
 - (a) is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires to perform its duties from any employee and all employees are directed to co-operate with any request made by the Remuneration Committee;

- (b) is authorised by the Board to obtain, at the Company's expense, outside legal or other independent professional or expert advice on any matter within its terms of reference and to secure the attendance of outsiders with relevant experience and expertise it considers necessary;
- (c) shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed or requested by the Board.

8. In discharging its responsibilities, the Remuneration 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) draw on other Board committees for expertise or refer matters to other Board committees for their consideration whenever it considers this appropriate; and
- (c) give due consideration to applicable laws and regulations, a recognised corporate governance code and London Stock Exchange Plc's AIM Rules for Companies as appropriate.

ACCOUNTABILITY

9. As a sub-committee of the Board, the Remuneration Committee is answerable to the Board and shall report to it on a regular basis. The Chairman of the Remuneration Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Remuneration Committee may, in addition, at any time request a full meeting of the Board at which its conclusions shall be reported.

10. The Remuneration Committee shall compile a report to shareholders on its activities to be included in the Company's annual report.

11. The Chairman of the Remuneration Committee should make himself available at each Annual General Meeting of the Company to answer questions concerning the Remuneration Committee's work during the preceding year.

12. At least once a year, the Remuneration 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

13. A quorum of the Remuneration Committee shall be two members, attending either in person or by telephone or other similar means of communication. In the absence of the Chairman of the Remuneration Committee, the remaining members present shall elect one of themselves to chair the meeting.

14. Other Board members and members of management may be invited by the Remuneration Committee to attend all or part of any meeting as and when appropriate. The Remuneration Committee may invite any outsiders to attend its meetings as it deems appropriate.

Frequency of meetings

15. Meetings shall be held not less than three times a year and at such other times as the Chairman of the Remuneration Committee shall deem necessary.

16. Sufficient time should be allowed to enable the Remuneration Committee to undertake as full a discussion as may be required and a sufficient interval should be allowed between

Remuneration Committee and Board meetings to allow for the Committee to undertake such work as is necessary in preparation for each Board meeting.

17. Outside of the formal meeting programme, the Chairman of the Remuneration Committee, and to a lesser extent the other committee members, will maintain a dialogue with key individuals involved in the Company's governance including the Chairman of the Board, the chairs of the other Board committees, the Chief Executive Officer and (where such a role is in place) the Head of Human Resources.

Notice of meetings

18. Meetings of the Remuneration Committee shall be convened by the Company Secretary at the request of any of its members or at the request of the external auditors if they consider it necessary.
19. Unless otherwise agreed by the Remuneration Committee, 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 no later than three working days before the date of the meeting. Any supporting papers shall be sent to each member of the Remuneration Committee (as appropriate) at the same time. Notices, agendas and supporting papers may be sent in electronic form.

Voting arrangements

20. The Remuneration Committee should seek wherever possible to reach agreement by consensus. In exceptional circumstances where unanimity cannot be reached, each member of the Remuneration 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.
21. If a matter that is considered by the Remuneration Committee is one where a member of the Remuneration Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
22. Save where he has a personal interest, the Chairman of the Remuneration Committee will have a casting vote.
23. No invited attendees shall have a vote at meetings of the Committee.

Minutes

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

DUTIES AND TERMS OF REFERENCE

The duties and terms of reference of the Remuneration Committee are:

26. To determine, *on an ongoing basis*, the framework for the remuneration of the Company's Chief Executive, Chairman, the executive directors, the company secretary and such other members of the executive and senior management as it is designated to consider. No director or manager shall be involved in any decisions as to their own remuneration. Within the terms of the agreed policy and, in consultation with the Chairman and/or Chief Executive as appropriate, the Remuneration Committee shall determine the total individual

remuneration package of all senior executives including bonuses, pensions, incentive payments, share options and other share awards.

27. For the avoidance of doubt, the remuneration of non-executive directors shall be determined in accordance with the Articles of Association, or, alternatively, by the Board.

28. When determining policy and practices in relation to remuneration:

- (a) that remuneration arrangements should avoid complexity and their rationale and operation should be easy to understand;
- (b) that remuneration arrangements should ensure that reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans; are identified and mitigated;
- (c) that 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;
- (d) that the Remuneration Committee exercise independent judgment and discretion, taking account of company, individual performance as well as circumstance;
- (e) that provisions regarding disclosure of information are fulfilled and produce a Remuneration Report to be included in line with local law, regulations and, where appropriate, guidelines, in the relevant jurisdictions and ensure that it is included in the annual report and, where relevant, put to shareholders for approval at the annual general meetings;
- (f) that consideration is given to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors (and senior executives) of listed companies and formation and operation of share schemes including but not limited to the provision of the local law, regulations and, where appropriate, guidelines, within the relevant jurisdictions, as well as guidelines published by the significant investor bodies and shareholder groups as appropriate.

29. Specific areas for Remuneration Committee attention are:

- a) employment conditions in the Group generally and Management's approach to developing future leaders are taken into consideration in determining the remuneration policies and levels for the Executive Group
- b) pension and superannuation arrangements for the Executive Group, including considering pension contribution rates when compared with workforce arrangements provided that only basic salary should be pensionable
- c) all service contracts between the company and its directors or between the company and any subsidiary and any such senior executive. Contracts should preferably not extend beyond one year to avoid excessive termination costs.
- d) contractual notice periods and termination commitments and approvals including any retention and termination arrangements for the Executive Group and any other employee and if, in the opinion of the Chief Executive, it is appropriate (the Committee having delegated authority for the provision of 'good leaver' status for other employees to the Chief Executive with power to sub-delegate).
- e) that contractual terms on termination, and any consequent payments made to the Executive Group are fair to the individual and the Group and consistent with the remuneration policy. In any case there should be no reward for poor performance

- f) Approval of and operation of the Group's short-term and long-term incentive plans as they relate to the Executive Group, including the review and approval of awards, setting of performance criteria, where applicable, and approval of any vesting, recovery, withholding of awards and holding periods, as appropriate, including the development of formal policies for post-employment shareholding requirements encompassing both vested and unvested shares.
- g) the Remuneration Committee should approve the design of, and determine targets for, any performance related pay schemes (including share incentive plans) and approve the total annual payments made under such schemes. In particular:
- h) the Remuneration Committee should consider whether the directors should be eligible for annual bonuses. If so, performance conditions should be relevant, stretching and designed to enhance the business. Upper limits should always be considered. There may be a case for part-payment in shares to be held for a significant period;
- i) the Remuneration Committee should consider whether the directors should be eligible for benefits under long-term incentive schemes. Traditional share option schemes should be weighed against other kinds of long-term incentive scheme. Directors should be encouraged to hold their shares for a further period after vesting or exercise subject to the need to finance any costs of acquisition and associated tax liability;
- j) the Remuneration Committee should propose new long-term incentive schemes (including share option schemes), whether payable in cash or shares in which directors or senior executives will participate which potentially commit shareholders' funds over more than one year or dilute the equity only on the basis that shareholders will approve the schemes prior to their adoption; and
- k) any new long-term incentive schemes which are proposed should preferably replace existing schemes or at least form part of a well-considered overall plan, incorporating existing schemes, which should be approved as a whole by shareholders. The total rewards potentially available should not be excessive;
- l) management review regarding compliance with standards on employment policies, including remuneration by gender including major changes in benefits for the all-employee population.
- m) agree the policy for authorising claims for expenses from the Directors and senior executives.
- n) keep abreast of external remuneration trends and market conditions, including receiving an annual presentation from its external remuneration advisers
- o) through the Chair of the Committee and/or Chair of the Board, ensure that the Group maintains contact as required with its principal shareholders about remuneration
- p) establish the criteria for the selection and appointment of, the remit for, and compensation of any remuneration advisers to the Committee, and ensure that such engagement and any provision of advice is directly with the Committee and independent of Management in accordance with any laws and governance requirements as applicable from time to time.
- q) as the main vehicle through which the company accounts to shareholders for directors' remuneration the Remuneration Committee should make a report each year to the shareholders on behalf of the Board, which report should form part of, or be annexed to, the company's annual report and accounts. It should include the following:
 - i) actual remuneration packages;
 - ii) share options and pension entitlements earned by individual directors who should be named;
 - iii) the report should also set out the company's general policy on executive

remuneration, including levels, individual components, performance criteria and measurement, pension provision, contracts of service, compensation commitments on early termination, any special arrangements made and material changes made during the year

- iv) the report should state that, in framing its remuneration policy, the Remuneration Committee has given full consideration to the best practice provisions set out in paragraph 19 and should list the members of the Remuneration Committee;
- v) the report should also include full details of all elements in the remuneration package of each individual director by name, such as basic salary, benefits in kind, annual bonuses and long-term incentive schemes including share options, and of the extent to which performance criteria are being met. See Appendix;
- vi) information on share options, including SAYE options, should be given for each director;
- vii) if grants under executive share option or other long-term incentive schemes are awarded in one large block rather than phased, the report should explain and justify;
- viii) also included in the report should be pension entitlements earned by each individual director during the year, calculated on a basis to be recommended by the Faculty of Actuaries and the Institute of Actuaries. If annual bonus or benefits in kind are pensionable the report should explain and justify;
- ix) any service contracts which provide for, or imply, notice periods in excess of one year (or any provisions for predetermined compensation on termination which exceed one year's salary and benefits) should be disclosed in the report and the reasons for the longer notice periods explained; and
- x) the report should take account of or note shareholdings and other relevant business interests and activities of the directors, which should continue to be disclosed as required in the Companies Acts and the AIM Rules.

CONFLICTS OF INTEREST AND CONFIDENTIALITY

1. 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
2. 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.

APPENDIX

SUGGESTED SUMMARY REMUNERATION TABLE

This table is intended to bring together, in one place, the value of all of the various elements of remuneration received by each director during the year.

	Salary & fees	Benefits	Annual Bonus	Other	Total	Prior year total	Long-term incentives		Pensions	
							Current year	Prior year	Current year	Prior year
							(Note 1) £000	£000	£000	£000
Executive										
A										
B										
C										
D										
E										
Non-Executive										
F										
G										
H										

Note 1 A separate analysis of fees for non-executives, separating board and committee fees, may be given.