

CHAARAT GOLD HOLDINGS LTD

TERMS OF REFERENCE OF THE SAFETY, HEALTH, ENVIRONMENT & COMMUNITY COMMITTEE (SHEC)

Revised and adopted by the Board on 21 November 2019

CONSTITUTION AND PURPOSE

1. The Safety, Health, Environmental and Community (SHEC) Committee (the “Committee”) has been established by the Board. Its purpose is to assist the Board in discharging governance responsibilities in respect to the Company’s safety, health, environmental 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 SHEC Committee members shall be appointed by the Board and shall preferably comprise at least two independent non-executive directors. The Chairman of the SHEC Committee shall be appointed by the Board.
3. Appointment to the SHEC Committee shall be for a period of up to 3 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 SHEC Committee annually.
4. Only members have the right to attend Committee meetings. The Chair of the Board and the CEO 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 or its nominee shall be the Secretary of the SHEC Committee.
6. The membership of the SHEC Committee shall be set out in the annual report of the Company.

AUTHORITY AND SCOPE

7. The SHEC 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 SHEC activities for the Company and employees are directed to co-operate with any request made by the SHEC 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 SHEC 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 programs.
- (f) give due consideration to applicable laws and regulations, the provisions of the Combined Code, the QCA Corporate Governance Guidelines for AIM companies and the requirements of the London Stock Exchanges 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 Secretariat

ACCOUNTABILITY

- 9. As a sub-committee of the Board, the SHEC Committee is answerable to the Board and shall report to it on a regular basis.
- 10. The SHEC Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The SHEC 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 SHEC 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 SHEC 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 SHEC Committee to attend all or part of any meeting as and when appropriate. The SHEC 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 Chairman of the SHEC Committee 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 SHEC Committee to undertake as full a discussion as may be required and a sufficient interval should be allowed between SHEC 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 SHEC 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 SHEC Committee (as appropriate) at the same time.

Voting arrangements

19. The SHEC Committee should seek wherever possible to reach agreement by consensus. In exceptional circumstances where unanimity cannot be reached, each member of the SHEC 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 SHEC Committee is one where a member of the SHEC Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
21. Save where he has a personal interest, the Chairman 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 SHEC 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 SHEC 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

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 SHEC 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 undertaking regular monitoring, audit and reporting of the Company's operational activity to identify the necessary compliance with its SHEC policies and objectives and adopting targets to achieve continuous improvement in SHEC performance;
30. To review and approve the Company's SHEC plans and procedures and to ensure technical excellence of the Company's ongoing SHEC workstreams;
31. To provide advice to the Board about the scope of the Company's SHEC standards;
32. To provide advice to the Board about further development, modification, and operation of the Company's SHEC standards and criteria and the application of these;
33. To review and comment on the KPI reporting of any SHEC accreditation bodies commissioned by the Company from time to time;
34. To address and give views on specific SHEC and community matters on which the Board or the CEO requests advice;
35. To review and approve the Company's SHEC working groups' terms of reference; and
36. To review and provide advice and guidance on the work and output from the Company's SHEC and community working groups.
37. To review and approve the Company's public disclosures regarding SHEC performance.

SHEC SHALL REVIEW AND CHALLENGE WHERE NECESSARY:

38. The clarity of disclosure in the company's SHEC statements and the context in which said statements are made;
39. The findings and conclusions of due diligence reports on SHEC aspects related to mergers and acquisitions.

HONORARIUM, TRAVEL and SUBSISTENCE EXPENSES

40. Members are eligible for reimbursement of reasonable travel and subsistence expenses according to the Company's travel policy.
41. 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.
42. Refunds will be made against evidence of expenditure according to Company travel cost refunding procedures.

OBSERVERS & EXPERTS

43. 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

44. 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

45. The Committee may create temporary working groups to advance work outside of the regular meetings
46. Working groups may consist of non-members in addition to members, as approved by the Committee
47. 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

48. 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
49. 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.