



## **CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT**

### **Overview**

As Chairman of the Board of Directors of Beowulf Mining plc (**Beowulf, We**, or the **Company/Group** as the context requires), it is my responsibility to ensure that Beowulf has both sound corporate governance and an effective Board. As Chairman, my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, and ensuring that good information flows freely between Executives and Non-Executives in a timely manner.

Beowulf adheres to the Quoted Companies Alliance Corporate Governance ("QCA Code") This report follows the structure of these guidelines and explains how we have applied the guidance. We will provide annual updates on our compliance with the QCA Code. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the business and will disclose any areas of non-compliance in the text below.

Beowulf understands that application of the QCA Code supports the Group's medium to long term success whilst simultaneously managing risks and providing an underlying framework of commitment and transparent communications with stakeholders. Beowulf is committed to monitoring and promoting a socially and environmentally responsible corporate culture, illustrated through its internal policies, as well as external stakeholder engagement.

### **QCA Principles**

#### **1. Establish a strategy and business model which promotes long-term value for shareholders**

Beowulf's purpose is to be a responsible and innovative company that creates value for our shareholders, wider society and the environment, through sustainably producing critical raw materials needed for the transition to a Green Economy and to address the Climate Emergency.

The Company's asset portfolio is diversified by commodity, geography and the development stage of its various projects and features metals in demand.

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders through project development, delivering production and generating cash flow, whilst remaining opportunistic for mergers and acquisitions. The principal activities of Beowulf are the exploration and development for iron ore, graphite, base and precious metals in the Nordic Region and the Balkans.

The Company intends to deliver shareholder returns through capital appreciation and distribution via possible payment of dividends. Challenges to delivering strategy, long-term goals and generating cash flow are outlined in the 2020 Annual Report as well as steps the Board takes to protect the Company, mitigate these risks and secure a long-term future for the Company.

## **2. Seek to understand and meet shareholder needs and expectations**

Beowulf places a great deal of importance on communication with its stakeholders and is committed to establishing constructive relationships with investors and potential investors. The Company seeks to provide effective communication through Interim and Annual Reports, along with Regulatory News Service announcements and trading updates on the Company website: <https://beowulfmining.com/>. Shareholders can also sign up to receive news releases directly from Beowulf by email.

Beowulf also maintains a dialogue with shareholders through formal meetings such as the AGM, which provide an opportunity to meet, listen and present to shareholders. The Company is open to receiving direct feedback from key stakeholders and will act where appropriate.

The key contact for shareholder liaison is the CEO, Kurt Budge. The Investors section on the Company's website (<https://beowulfmining.com/>) provides up to date material information on the Company's business.

## **3. Take into account wider stakeholder and social responsibilities and their implications for long-term success**

Engagement with our shareholders and stakeholders is essential to the long-term success of the Company. We endeavour to be open and transparent in its communications with stakeholders, so that we can understand specific interests and foster effective and mutually beneficial relationships. We seek to maximise the benefits to host communities in which we operate, while minimising negative impacts. Our understanding of stakeholders is factored into boardroom discussions, how we might best address specific needs and concerns regarding the potential long-term impacts of our strategic decisions.

The Board recognises that the long-term success of the Company is reliant upon effective engagement with stakeholders, of which it has oversight given the regular updates by the CEO. The Board ensures that the CEO has the necessary resources, including advisor and consultant support as required, to deliver the Group's strategic objectives.

All employees within the Company are valued members of the team, and Beowulf seeks to implement provisions to retain and incentivise its employees. The Company offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation. The Company has a Whistleblowing Policy in place to discourage illegal activity and unethical business conduct, thus ensuring its employees are protected.

The Company works closely with the communities in which it operates, sharing its plans

and ideas for the projects being developed, and listening to any concerns and addressing any issues raised. Beowulf remains firmly committed to the responsible development of a modern, sustainable and innovative mining operations in partnership with local communities.

#### **4. Embed effective risk management, considering both opportunities and threats, throughout the organization**

The Board recognises the need for an effective and well-defined risk management process, and it oversees and regularly reviews the current risk management and internal control mechanisms. The 2020 Annual Report also outlines the key risks to the business.

The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Group's risk appetite including the identification, assessment and monitoring of Beowulf's principal risks. The Audit Committee has delegated responsibility to the Company's management to ensure an effective financial controls system is maintained for timely and accurate reporting of consolidated financial statements and related financial information for review by the Board and the Company's external auditors.

The Committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence and effectiveness of the auditors and the audit. The Board reviews the mechanisms of internal control and risk management it has implemented on a quarterly basis and assesses both for effectiveness. Through this process the Board can determine if the risk exposure has changed during the year, and these disclosures are included in the Annual Report.

The Company has established a risk assessment matrix which categorises key risks and outlines the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them, and the Board reviews risks on a regular basis. The principal risks and mitigating actions identified are set out in the Strategic Report of the 2020 Annual Report.

An internal audit function is not yet considered necessary as day-to-day control is sufficiently exercised by the CEO. However, the Board will continue to monitor the need for an internal audit function.

#### **5. Maintain the Board as a well-functioning, balanced team led by the Chair**

The Board comprises of the CEO, Kurt Budge, and two Independent Non-Executives, Sven Otto Littorin, and Christopher Davies. Sven Otto Littorin is the Company's Chair.

Meetings are open and constructive, with every Director participating fully. Senior management can also be invited to meetings, providing the Board with a thorough overview of the Company. The Board aims to meet at least 5 times in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. To be efficient, the Directors meet formally and informally both in person and by telephone. Board document authors are made aware of proposed monthly deadlines through the calendar of meetings assembled at the beginning of the year. Board papers are collated, compiled into a Board Pack, and circulated with sufficient time before

meetings, allowing time for full consideration and necessary clarifications before the meetings.

The Company has Audit and Remuneration Committees. The Board will review the need for a Nominations Committee as the Company evolves and one will be established if, and when, it is considered appropriate. The Committees have the necessary skills and knowledge to discharge their duties effectively. As with Board papers, Committee papers are drafted and circulated to members of the Committee with sufficient time before meetings.

The Directors of the Company are committed to sound governance of the business and each devotes sufficient time to ensure this happens. In compliance with the QCA Code, details on the number of meetings of the Board and its committees during the year, together with the attendance record of each Director can be found in the 2020 Annual Report.

The Board is satisfied it has a suitable balance between independence on the one hand, and knowledge of the Company on the other. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively.

### **Directors' conflict of interest**

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

### **6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

The Non-Executive Directors have both a breadth and depth of skills and experience, enabling them to provide the necessary guidance, oversight and advice to operate the Board effectively. The Company believes that the current balance of skills in the Board reflects a very broad range of commercial, professional and technical skills. The Board assesses the experience, knowledge and expertise of potential Directors before any appointment is made and adheres to the principle of establishing a Board which comprises Directors with a blend of skills, experience and attributes appropriate to the Group and its business. The main criterion for the appointment of Directors is an ability to add value to the Group and its business.

Biographical details of the Directors can be found here: <https://beowulfmining.com/about-us/boardmanagement/>

ONE Advisory Limited has been contracted by the Company to act as Company Secretary and has been given the responsibility for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, including assistance with Board and shareholder meetings and Market Abuse Regulations ("MAR") compliance. ONE Advisory Limited also supports the Board in its development of the Company's corporate governance

responsibilities, assisting with the Company's application of the QCA Code and amendments in relation to AIM Rule 26.

If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company. In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific projects, workshops or meetings, in line with their individual areas of expertise and ability to contribute. The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal.

The size and composition of the Board is matched to the scale and complexity of the business. As these factors increase, the Board will address the current gender imbalance on the Board when considering future nominations.

#### **7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Directors consider that the Company and Board are not yet of a sufficient size for a full Board evaluation to make commercial and practical sense. In the frequent Board meetings/calls, the Directors can discuss any areas where they feel a change would be greatly for the Company, and the Company Secretary remains on hand to provide impartial advice. As the Company grows, it intends to expand the Board and, with the Board expansion, re-consider the need for Board evaluation. Succession planning recommendations are made by the Board as a whole.

#### **8. Promote a corporate culture that is based on ethical values and behaviours**

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders can express their views about and expectations of the Company in a manner that encourages open dialogue with the Board.

A large part of the Company's activities is centred upon an open and respectful dialogue with employees and stakeholders. Therefore, shared values and appropriate behaviours are crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through the Company's work. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. An example of this is the Company's Whistle Blower Policy, aimed to prevent illegal activity and unethical business conduct by encouraging Directors, officers and employees (including contract employees and consultants) to report any wrongdoing or suspected violations. The Company also has an Anti-Bribery Policy in place to ensure the highest standards of personal and professional ethical behaviour are adhered to.

The Company has adopted a Share Dealing Policy which is intended to assist the Company and its staff in complying with their obligations under the Market Abuse Regulation. The Policy addresses the share dealing restrictions set out in MAR and reflects the requirements for a securities dealing policy set out in the AIM Rules.

## **9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has chosen to adopt the QCA Code. We review our corporate governance arrangements regularly and expect them to evolve over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit. The Chairman's principal responsibilities are to ensure that the Company and its Board are acting in the best interests of shareholders. His leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness, includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

The CEO is responsible for developing the corporate strategy while the two Independent Non-Executives are tasked with constructively challenging the CEO's proposals and the decisions of executive management and satisfying themselves that the systems for risk management and internal financial controls are robust. The CEO is responsible for the general management of the business and has, through powers delegated by the Board, the responsibility for leadership of the management team in the execution of the Group's strategy. The CEO is the key contact for shareholders and all other stakeholders.

Whilst the Board has not formally adopted appropriate delegations of authority setting out matters reserved to the Board, there is effectively no decision of any consequence made other than by the Directors. All Directors participate in the key areas of decision-making, including the following matters:

- The Group's strategy and vision;
- Interim and full year financial statements and reports;
- Investments or disposals;
- Corporate governance; and
- Appointment of new Directors.

The matters reserved for the Board are reviewed annually, and any items not included within the policy (such as responsibility for implementing the Board's strategy and day-to-day management of the business) are delegated to the management team.

The Board delegates authority to two Committees to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet independently of Board meetings.

### Audit Committee

The Audit Committee has two members, Sven Otto Littorin (Chair) and Christopher Davies. The overall purpose of the Audit Committee is:

- (1) To ensure that the Company's management has designed and implemented an effective system of internal financial controls;
- (2) To review and report on the integrity of the consolidated financial statements of the Company and related financial information; and
- (3) To review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence and effectiveness of the auditors and the audit. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Company's business, operations and risks. The Audit Committee meets at least once a year, at appropriate times in the reporting and audit cycle.

### Remuneration Committee

The Remuneration Committee has two members, Sven Otto Littorin (Chair) and Christopher Davies. The Remuneration Committee's role is to assist the Board of Directors to discharge its responsibilities in relation to remuneration of the Company's Directors and senior executives, including share and benefit plans and make recommendations as and when it considers it appropriate, taking necessary expert advice to benchmark remuneration levels with those of comparable companies. The Remuneration Committee meets as and when required. The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

### Nominations Committee

The Board has not established a Nominations Committee as the Board considers that a separately established committee is not yet necessary, as its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board will review the need for a Nominations Committee as the Company evolves and one will be established if, and when, it is considered appropriate.

## **10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders and other relevant stakeholders. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations) as well as shareholder analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company.

All 2020 AGM resolutions passed comfortably. The Board maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

The latest Corporate Documents can be found here:

<https://beowulfmining.com/investors/corporate-documentation/>

The Investors section on the Company's website (<https://beowulfmining.com/>) provides up to date material information on the Company's business. Shareholders can also sign up to receive news releases directly from Beowulf by email.

Sven Otto Littorin  
Non-Executive Chairman  
12 May 2021