

1 June 2021

**SAVANNAH RESOURCES PLC  
CORPORATE GOVERNANCE STATEMENT**

## INTRODUCTION

### Chairman's Statement

The Board recognises the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its Shareholders. In compliance with AIM Rule 26 of the AIM Rules for Companies the Board has decided to adopt the QCA Code Corporate Governance Code ("QCA Code") and assessed its current corporate governance practices against each of the ten principles to identify where the Company already follows the principles and where further improvements can be made. The following Corporate Governance statement takes into consideration information already published in the Annual Report and Financial Statements as well information on the Company Website.

Where the Company does not fully comply with each principle of the QCA Code an explanation is provided as to why it does not currently do so.

Key governance related matters that have occurred since the start of 2019 include the implementation of a Long Term Incentive Plan to further align the senior management team's interests with those of the shareholders, two updates to this Corporate Governance Statement, and following the appointment to the Board of James Leahy as an independent non-executive Director in November 2018, the Company's Chairman has relinquished his roles as Chairman of the Remuneration Committee and Chairman of the Audit and Risk Committee, and subsequently left both Committees, thus strengthening the independence of those Committees from the Board itself. The Board consists of 4 Non-Executive Directors, Mr. Matthew King, Mr. Maqbool Ali Sultan, Mr. Imad Kamal Abdul and Mr. James Leahy and 2 Executive Directors, Mr. David Archer and Dale Ferguson.

Savannah is committed to developing and maintaining a culture of integrity and proactive health and safety management, social responsibility, environmental awareness and protection, and good governance in the conduct of its business. Savannah recognises that, in order to achieve its ambition of becoming a key participant in the sustainable and responsible production of raw materials, it must manage, as an integral element of its operations, the ESG risks, impacts, and opportunities that may affect the sustainability of its projects. Therefore, in May 2021 Savannah announced the implementation of an Environmental and Social Management System which will help to define its actions to achieve this goal, and which complements the flagship lithium project that is at the forefront of Europe's green energy revolution.

Also in 2021, the Company established a Nominations Committee. Prior to that the Board itself was responsible for the matters now falling under the responsibility of this Committee, and on an annual basis had reviewed the need for a Nominations Committee. The rationale for the creation of the Committee is to reflect the Company's growing maturity and its planned transition from explorer / developer into mine operator. Prior to the Nominations Committee's establishment, the Company had implemented succession planning system in 2020 and this responsibility is being assumed by the Nominations Committee.

## 1. STRATEGY AND BUSINESS MODEL

Savannah has established a strategy and business model aimed at delivering shareholder value in the medium to long-term and reinforced by a clear set of values aimed at protecting the Company from changing risk profiles and securing its long-term future.

Savannah has a defined development programme to maximise value from its multi-commodity portfolio in Portugal and Mozambique and aims to build a global minerals development and ultimately mineral production company.

The Company maintains an active growth strategy for lithium, with the Iberian Peninsula being its area of focus, to complement its flagship, Mina do Barroso, project in Portugal. Further details are set out in (<http://www.savannahresources.com/about-us/overview-strategy/>).

In the near term the Company is developing Europe's largest new spodumene lithium discovery, the Mina do Barroso Lithium Project, into production.

Savannah follows a clear and proven development plan with respect to its Lithium Project which is supplemented with creating additional value from its wider portfolio.

Savannah remains committed to completing the technical and corporate review of the Mutamba mineral sands project in Mozambique with our partner, Rio Tinto with the aim of ensuring that Mutamba's future and its true value can be clarified for the benefit of all shareholders and the other stakeholders in the Mutamba project.

The key challenges to the execution of our strategy are set out in the Strategic Report section of the Annual Report and Financial Statements.

## 2. SHAREHOLDERS NEEDS AND EXPECTATIONS

The Board is committed to the provision to the Company's shareholders of timely and accurate information on the Company's performance and prospects. The principal form of communication regarding the Company's performance is via the Regulatory Information Service (RNS). RNSs are issued on a regular basis throughout the year in accordance with the AIM Rules and the Market Abuse Regulations. Information on our strategy and the principal risks and uncertainties relevant to the success of that strategy are set out in the Annual Report and Financial Statements and Interim Accounts. Representatives of our cornerstone shareholder, Al Marjan, participate on our Board free of charge. Site visits to our various projects for private and institutional shareholders and analysts are arranged periodically, and there are regular meetings with them throughout the year. Within the constraints of the coronavirus pandemic, shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings held during the year as it gives them an opportunity to engage directly with the Board and members of senior management.

Investors also have access to current corporate information on the Company through its website, [www.savannahresources.com](http://www.savannahresources.com). Regular video interviews with Proactive Investor by the CEO are published on the investor news section on our website.

### **3. STAKEHOLDERS AND SOCIAL RESPONSIBILITIES**

The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Group, and its relationships with the communities where it operates, its contractors, suppliers and regulators.

The Board believes in the alignment of employee and Company interests and accordingly has introduced incentive schemes for various levels of management, which are kept under regular review. The Company's Code of Conduct and Anti-Bribery and Corruption Code include the standards of behaviour the Board expects of its executives, employees and contractors.

Savannah Board members and senior management regularly meet with government authorities at both national and local levels in all of its operating jurisdictions. Our policy is to maintain good, open and timely relations with our regulators and national and local authorities.

Savannah's policy is to develop and maintain mutually beneficial relationships with the communities where it operates. We recognise, respect and support the right of local communities to be consulted and provide this opportunity through dedicated community liaison officers employed by Savannah at each of our operating sites, appropriately timed community meetings, site tours and newsletters. Further details of the community programmes at each of our operating sites are available at <http://www.savannahresources.com/community/portugal/>.

In addition, Savannah consults with representative groups such as the municipal leaders, local interest groups such as NGOs and local businesses, and government departments such as the Ministries of Environment and Mining.

### **4. EFFECTIVE RISK MANAGEMENT**

The principal risks facing the Company and the group's business are those relating to general natural resource project development and construction risk, attraction and retention of key people, future funding requirements, country risk, licence and title risk, social licence risk, Environmental Impact Assessment approval risk, commodity price risk for lithium and mineral sands, and coronavirus pandemic risk. Such principal risks (as well as how they are managed) are outlined in more detail on the relevant Principal Risks and Uncertainties section of the Strategic Report in the Annual Report and Financial Statements.

The Board constantly monitors the operational and financial aspects of the Company's business. In view of the increasing maturity of the Company's operational projects, the Company has an Audit and Risk Committee. One of the main responsibilities of this Committee is to keep under review the Company's risk management policies and the effectiveness of its risk management framework.

The Group operates a risk register, with the intention of allowing risks to be identified, tracked and addressed in order to mitigate any potential damage to the Group or its businesses. Reporting on identified risks as per the Group's risk register is a standard recurring item at the Committee's meetings and periodic updates are provided to the Committee following the management team's reviews.

May 2021, Savannah the implementation of its Environmental and Social Management System which will help to a vital tool in managing ESG risks and opportunities.

## **5. BALANCED BOARD LED BY THE CHAIR**

The Board is chaired by Mr. Matthew King as Independent Non-Executive Director. The Board furthermore consists of two Executive Directors, Messrs. David Archer (CEO) and Dale Ferguson (Technical Director) and four Non-Executive Directors, Messrs. Maqbool Ali Sultan and Imad Kamal Abdul, (with respective Alternate Directors, Messrs. Manohar Pundalik Shenoy – alternate for Maqbool Ali Sultan and Murtadha Ahmed Sultan – alternate for Imad Kamal Abdul Redha Sultan) and Mr. James Leahy. In addition to Mr. King, Mr. Leahy is deemed to be an independent director for the purposes of corporate governance by the Company.

The Board is responsible for setting and monitoring group strategy, reviewing budgets and financial performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders.

Biographical details of the current Directors are set out on the Company's website (<http://www.savannahresources.com/about-us/directors-and-management/>) Executive, Non-Executive and Alternate Directors are subject to re-election intervals as prescribed in the Company's Articles of Association. All Non-Executive Directors are retained by letters of engagement which can be terminated by either party at three months' notice.

The Board has established an Audit and Risk Committee, an AIM Compliance Committee, a Remuneration Committee and a Nominations Committee. The Board, chaired by Mr. Matthew King as Non-Executive Director, retains full control of the Group with day-to-day operational control delegated to Executive Director / CEO, Mr. David Archer. The full Board meets at least four times a year and on any other occasions it considers necessary. Ordinarily, the Board formally meets approximately every quarter, however owing to the unique challenges and opportunities presented in 2020 the Board met more regularly to focus on priority matters.

The table below shows the attendance of Executives, Non-Executives at the Board and Committee meetings during the year to 31 December 2020.

Individual	Directorship Type	Board / Committee			
		Board	Audit & Risk Committee	Remuneration Committee	AIM Rules Compliance Committee
Matthew King (Chairman)	Non-Executive (Independent)	12	0	0	1
Maqbool Sultan	Non-Executive	6	0	0	0
Imad Sultan	Non-Executive	12	0	0	0
James Leahy	Non-Executive (Independent)	12	3	2	0
David Archer (CEO)	Executive	12	0	2	1
Dale Ferguson (Technical Director)	Executive	12	0	0	0
Manohar Shenoy	Alternate	6	3	2	0
Murtadha Sultan	Alternate	0	3	2	1
<b>Number of meetings held in 2020</b>		<b>12</b>	<b>3</b>	<b>2</b>	<b>1</b>

**Note:** Attendance is measured with respect to an individual being present as the quorum for a meeting

The composition of the sub-committees is described in the Corporate Governance section of the Annual Report and Financial Statements.

## 6. DIRECTORS EXPERIENCE, SKILLS AND CAPABILITIES

The Board considers its composition in respect of up-to-date experience, skills and capabilities is appropriate, given the Company's size and stage of development. The Board established a Nomination Committee in 2021 which is tasked with advising it on Board composition matters, and succession planning for senior roles within the Company. This includes responsibility for identifying the appropriate balance of skills and experience as the Company develops, and an appropriate level of diversity of the Board members. In its current composition, the Executive Directors have extensive sector experience in bringing exploration assets into production and mine development in particular, while the Non-Executive Directors provide a wealth of corporate governance experience, financial leadership and control, and experience in operating trading business as well as strategy.

David Archer is a Fellow of the Australian Institute of Company Directors and Dale Ferguson a Fellow of the Australasian Institute of Mining and Metallurgy. All Directors are regular attendees and/or participants in relevant seminars, courses and conferences.

## **7. BOARD PERFORMANCE EVALUATION**

The Company analyses the development and performance of its business using Key Financial Performance Indicators and milestones to help the Board and senior management assess performance against its strategic priorities and business plans (see the Strategic Report section in the Annual Report and Financial Statements).

The Nomination Committee is developing a review process for the effectiveness of the Board's performance, which will include a standardised template for Board members to conduct self-assessments of individual performance. Such self-assessments should identify development and monitoring needs of individual directors. The self-assessments are expected to be completed in Q2 2021.

In 2020 the Company implemented a succession planning process which identifies interim and long-term replacements (with upskilling requirements identified for internal candidates) for Board positions and key management roles, and an annual review of this is the responsibility of the Nominations Committee.

## **8. CORPORATE CULTURE AND VALUES**

The Board is fully committed to ensuring that Savannah, its subsidiaries and affiliates operate to the highest standards of integrity, honesty, equal opportunity, respect, and compliance with the law. We are committed to maintaining a safe workplace environment where Savannah personnel are able to work free of discrimination, harassment, or bullying in any form. Savannah, like all businesses, is also subject to laws that prohibit bribery in any business context and Savannah's personnel are prohibited from engaging in the making or receiving of a bribe at any time.

To that end, Savannah has adopted a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities. The Code also extends to our major contractors and consultants who are required to acknowledge the matters set out therein and adhere to the Code of Conduct.

Training for this Code takes place during the induction process for all Savannah personnel, which is supplemented by periodic refresher training.

Moreover, the Savannah Group's zero-tolerance approach to bribery and corruption is communicated to all third parties (including, but not limited to, joint-venture partners, suppliers, customers, charities, municipalities, government departments, and other bodies) at the outset of the respective business relationship and as appropriate thereafter.

The Company maintains a Whistleblowing Hotline, details of which are communicated to all employees. This enables employees to raise breaches of policy or of the Code of Conduct in a confidential manner. The whistleblowing policy applies to all employees of the Group, consultants, casual workers and agency workers. The Audit and Risk Committee oversees the operation of the Whistleblowing hotline. The Company has adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with Rule 21 of the AIM rules and the Market Abuse Regulations.

## 9. GOVERNANCE STRUCTURES AND PROCEDURES

The Board delegates authority to four 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.

### **The Audit and Risk Committee**

The Audit Committee's responsibilities were expanded to include a risk function in 2018 when it became the Audit and Risk Committee. In particular, the committee is reviewing inter alia items reported under the Company's compliance policies and facilitates the management of the Group's Risk Register, in conjunction with the Board, senior managers and appropriate professional advisers.

It comprises one Non-Executive Directors and one Alternate Director – James Leahy (who chairs the Committee) and Manohar Shenoy. The Committee's audit arm is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal controls. It also reviews the Group's annual and interim Financial Statements before submission to the Board for approval. The Committee's risk function provides input to the Board in its assessment of enterprise risk and the determination of risk appetite as part of the overall setting of strategy for the Group. It also assists the Board in its oversight of the Group's risk management framework including monitoring its effectiveness.

The Group operates a risk register, with the intention of allowing risks to be identified, tracked and addressed in order to mitigate any potential damage to the Group or its businesses. Reporting on identified risks as per the Group's risk register is a standard recurring item on the Committee's meetings and periodic updates are provided to the Committee following the senior management team's review.

During H2 2021, the Committee, in conjunction with a compliance expert, has been reviewing the Company's primary compliance policies and procedures and updated versions of these are being implemented throughout the Group's global operations.

### **The Remuneration Committee**

The Remuneration Committee comprises one non-executive Director and one alternate Director – James Leahy (who chairs the Committee), and Manohar Shenoy. It is responsible for reviewing the performance of the executive Directors and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Group. The remuneration of the Chairman and any non-executive Director is determined by the Board as a whole, based on a review of the current practices in other companies.

In 2020 and 2021 the Remuneration Committee undertook further work on establishing a framework for the executive Directors and other senior leaders in the business. This involved benchmarking against peer groups with the assistance of globally recognised external consultants. Further details of this are included in the Directors' Remuneration section in Note 3 to the Company's Annual Report



and Financial Statements for 2020.

### **AIM Rules Compliance Committee**

The AIM Rule Compliance Committee comprises one non-executive and one executive Director – Matthew King (who chairs the Committee) and David Archer, the CEO. It is responsible for ensuring that resources and procedures are in place to ensure the Company is at all times in compliance with the AIM Rules for Companies. The Committee helped to ensure the timely implementation of the new AIM Rules regarding Corporate Governance in 2018 and has responsibility for reviewing it and initiating changes. The Committee is also responsible for ensuring that the executive Directors are communicating effectively with the Company’s Nominated Adviser.

Moreover, in December 2020 and January 2021 the Committee was responsible for overseeing the implementation of specific software for the purpose of facilitating tracking insiders as defined in MAR and the AIM Rules for Companies and updating the corresponding insider list on an ongoing basis.

### **Nominations Committee**

The Nominations Committee, established in February 2021, comprises two non-executive Directors – Matthew King (who chairs the Committee) and Imad Sultan. It is responsible for reviewing the structure, size, and composition of the Board of Directors, giving consideration to succession planning for Directors and senior executives, and identifying and nominating candidates for the approval of the Board as required. It is also responsible for monitoring the performance of the Board of Directors.

## **10. COMMUNICATION AND DIALOGUE**

The Board is committed to the maintenance of good communications and constructive dialogue with the Company’s shareholders. We meet regularly with institutional shareholders and analysts. Investor presentations are published on the Company’s website. In addition, all shareholders are encouraged to attend the Company’s Annual General Meeting and any other General Meetings held during the year. Investors are given the opportunity to speak directly to management at the AGM.

Savannah can also be contacted on social media (on Twitter @SavannahRes) and by email (info@savannahresources.com) and investors are invited to join our mailing list through our website. Such emails are forwarded to the competent member of the Board or management and feedback is provided promptly.

Investors also have access to current information on the Company through its website, [www.savannahresources.com](http://www.savannahresources.com). Any video interviews with Proactive Investor by the CEO are published on the investor news section on our website.