

# RENUMERATION POLICY

*Coldwater Mining & Energy LTD | Updated January 2021*

## Introduction

The Company recognises that the Company's performance and success depends in part on its ability to attract and retain suitably qualified and experienced people in an increasingly competitive remuneration market.

The Company chooses to remunerate and reward its directors, officers and employees in accordance with the following policy.

Remuneration of directors and senior executives is set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of the directors and senior executives. Details of the nature and amount of remuneration of each director of the Company are disclosed annually in the Company's Remuneration Report in its Annual Report

## Objectives

The objectives of this Policy and the remuneration strategy for non-executive directors and senior executives of the Company are:

- a) attract and retain key executives and to ensure that all executive remuneration is directly and transparently linked with strategy and performance;
  - b) aligning short term incentives (STIs) and long-term incentives (LTIs) with achievement of the Company's short-term and long-term strategic objectives and longer-term shareholder return;
  - c) to set performance targets and reward performance for successful operations and project development in a way which is sustainable, including in respect of health and safety, environment and community-based objectives and without rewarding conduct that is contrary to the Company's values or risk appetite;
  - d) to ensure where appropriate all equity-based instruments issued to executives are performance based in accordance with recommended corporate governance practices;
  - e) to ensure effective benchmarking of total annual remuneration for executives in accordance with market practices for a clearly defined peer group of comparable companies to ensure remuneration is fair and competitive including fixed remuneration as well as STIs and LTIs;
  - f) to reward individual and group performance objectives thus promoting a balance of individual performance and teamwork across the executive management team;
1. preserve cash where appropriate including for exploration and/or project development or opportunities;



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*Managing Director & CEO*



- g) subject to shareholder approvals, ensuring the pool of directors' fees available to non-executive directors is adequate to encourage new appointments to improve board diversity and capability; and
- h) to promote independence and impartial decision making across the nonexecutive directors.

To drive long term focus and alignment with shareholders, the Company is committed to each non-executive director and executive of the Company achieving a minimum shareholding in the Company to be accumulated over a reasonable period of time. The Company will therefore periodically review and determine a minimum shareholding requirement for non-executive directors and executives of the Company and monitor equity holdings in respect of this objective.

### **Non-Executive Directors**

The Company's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time to time, the Company may grant options or other equity-based incentives to non-executive directors, subject to obtaining the relevant shareholder approvals.

The grant of options or other equity-based incentives is designed to attract and retain suitably qualified non-executive directors. All of the directors' holdings are fully disclosed. Options or other equity-based incentives issued to non-executive directors will not have any performance hurdles, as it may lead to bias in their decision-making and compromise their objectivity.

The maximum aggregate amount of fees (including fund payments) that can be paid to non-executive directors is subject to approval by shareholders at General Meeting.

To the extent that any non-executive directors participate in any equity-based remuneration schemes, they are prohibited (without the prior approval of the Chair) from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

### **Executive and Senior Directors**

Executive remuneration consists of fixed remuneration and performance incentives. Short term incentives (STIs) may include equity incentives and/or a cash bonus. Long term performance incentives (LTIs) may include shares, options, performance rights and/or cash bonuses granted at the discretion of the Board on the recommendation of the Remuneration and Nomination Committee and subject to obtaining the relevant approvals. The grant of shares, options, performance rights and/or cash bonuses is designed to recognise and reward efforts as well as to provide additional incentive to continue those efforts for the benefit of the Company and may be subject to the successful completion of performance targets.



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The grant of shares, options, performance rights and/or cash bonuses may also be used by the Company as a means of attracting or retaining suitably experienced senior management executives.

In the event of serious misconduct or a material misstatement in the Company's financial statements, the Board may in its discretion cancel or defer performance-based remuneration and may also clawback performance-based remuneration paid in previous financial years. Executives are offered a competitive level of fixed remuneration (being base pay and fund payments) at market rates (for comparable peer companies), which are reviewed annually to ensure market competitiveness.

## **Employee Reward Plan**

As an incentive and retention mechanism, the Company has adopted an Employee Award Plan which has been approved by shareholders in General Meeting. The purpose of the award plan is to give employees, officers and directors of the Company an opportunity, in the form of options or performance rights, to subscribe for shares in the Company.

The directors consider the scheme will enable the Company to retain and attract skilled and experienced employees, board members and officers, and provide them with the motivation to make the Company more successful and deliver value for shareholders. Where appropriate, performance targets will be set for options and performance rights that align the short-term and long-term interests of the Company with those of the individual employee, officer or director.

Participants in the Employee Award Plan, including directors and other senior executives, are prohibited (without approval from the Chair) from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.



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