

Eastern Mining d.o.o **Strategic Blueprint**

Prepared by **Worqforce Group**



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Introduction

As Adriatic Metals Plc’s subsidiary company, Eastern Mining d.o.o embark on the development of the Vareš Project in Bosnia & Herzegovina, this ‘Strategic Blueprint’ serves to define the people-strategy for Eastern Mining to transition through feasibility, construction and into future steady-state operations within the EDGE® Workforce Operating Model.

The Strategic Blueprint is the first step of deploying ‘EDGE®’ and has been developed through an extensive ‘co-creation’ process drawing on the expertise and experience of the Eastern Mining community including the Board, Executive Committee, Senior Leadership and general staff. The Blueprint is a living document that directs the detailed build-out of all people practices of the Eastern Mining d.o.o employee lifecycle.

The Vareš Project has an amazing opportunity to positively impact the Vareš community, the surrounding areas and the wider country of BiH for generations to come and Eastern Mining’s approved workforce strategy is paramount to the success of this endeavour - we look forward to the journey ahead.

Strategic Blueprint Approval

For Eastern Mining d.o.o

For Worqforce Group

Paul Cronin
Chief Executive Officer



Lachlan Spicer
Chief Strategy Officer & Director

31 July 2021

EDGE® Strategic Blueprint



Business Context



Business Strategy and People Vision



Organisational Culture and Values



Organisational Design and Workforce



Resourcing Strategy

Compensation and Benefits Strategy

Talent and Learning Strategy



Section 1. Business Context



1. Commitments and Constraints

1.1 Adriatic Metals' Commitments

Adriatic Metals Plc and its subsidiary company, Eastern Mining are committed to ensure that the Vareš Project will be delivered in the best interest of its stakeholders locally, regionally and nationally. The Vareš Project refers to the two deposits around the town Vareš, Rupice and Veovača, in the Federation of Bosnia and Herzegovina, approximately 50 km north of the capital city of Sarajevo.

All commitments are presented in the PFS (Pre-Feasibility Study) released on the 15th of October 2020. The PFS gives an overview on a mining project's, resources, technical and environmental requirements, logistics, capital requirements, key challenges, and other information necessary for the decision-making process. Commitments are made within the context and with reference to:

- Relevant Bosnia and Herzegovina legislation
- IFC Performance Standards on Environmental and Social Sustainability 2012
- EBRD Environmental and Social Policy (2019)

Adriatic Metals Plc and Eastern Mining d.o.o. commitments working on the Vareš project includes:

1. Good Relationships with the local community.

The Social and Community Policy describes these commitments in practical and clearly articulated terms as follow:

- Regularly meeting with the communities impacted by the operations for dialogue and for understanding stakeholder views;
 - Building the mutual trust and respecting the human rights of community members;
 - Develop a transparent process for community associations and residents to raise concerns and grievances and resolving these in a timely manner through the established Public Liaison Committee;
 - Respect cultural heritage, customs and traditions of the communities impacted;
 - Minimizing, mitigating or compensating adverse social and environmental impacts from the operations;
 - Minimizing economic and physical displacement, offering adequate compensation and restoring the livelihoods of any displaced persons;
 - Contributing towards creating shared and sustained value and leaving a positive legacy beyond mine closure;
 - Building a workforce that is inclusive and representative of the diverse communities that host mining activities. Focus will be on sourcing most of the workforce from the local community;
 - Supporting capacity building and local economic development by training community members and by purchasing local goods and services, including promoting local business development and supplier opportunities wherever possible as outlined in the Procurement policy
 - Pursuing partnerships with governments, civil society organisations and other stakeholders to leverage synergies in facilitating community development very actively through the board and staff members.
2. Being ethical in **sourcing goods and services**, and while doing so obeying all applicable legal requirements, codes, and standards, respecting anti-bribery and corruption policy and transparency of payments to the government entities, as per the Procurement policy.
 3. **Minimizing its environmental impact**, as stated in their PFS highlights of the project: "Low environmental impact with underground mining and partial tailings backfills at Rupice and use of brownfield Veovača mine site for majority of plant infrastructure." This has been proven with the demolition work at Veovača.
 4. Protecting the **health and wellbeing** of the workforce and associated communities. During the pandemic, the employees are regularly undergoing COVID-19 testing.
 5. **Prohibiting modern slavery.**
 6. **Minimizing the impact of the climate change** and their contribution to greenhouse emission.
 7. **Deploying an employment strategy** whereby:
 - The municipality of Vareš and the surrounding area will be supplying most of the workforce.
 - Engaging and partnering with the local vendors whenever possible to help expansion of the local economy.
 - Bringing the latest world mining techniques and equipment into the region and promoting innovation
 - Building development strategy that addresses skills gap to generate employment, cooperating with the local high school to open a new school program for the students, and finally securing the employment for the graduates of this program.
 - Providing the opportunity for prequalification to adults, thus, giving the prospect of employment

Furthermore, to the commitments listed, Adriatic Metals Plc and Eastern Mining d.o.o. senior executives expressed their intent to employ as many local employees as possible with a target of 30% women. Target zones in Bosnia and Herzegovina:

1. Zenica - Dobož canton (Vares, Breza, Kakanj, Olovo, Zenica)
2. Sarajevo canton
3. Tuzla Canton

The possible risks related to these commitments include:

1. Not fulfilling the promised commitments to the community, resulting in reputational damage
2. Strict mining and labour laws that are clear and concise but possibly limiting from an operational effectiveness perspective.

Section 2. People Vision and Values





PEOPLE VISION & VALUES



PEOPLE VISION

We value a diverse and motivated workforce that thrives on seeking responsibility for excellence.

VALUES

Performance		We are responsible for outcomes	We work together as a team to optimise performance and achieve outcomes that benefit all of our stakeholders
Environment		We respect and enhance our environment	We look after the environment on behalf of our stakeholders and we act on opportunities to positively impact the environment
People & Stakeholders		We connect through integrity	We act with equity, fairness and transparency for employees and our stakeholders
		We empower our people	We support and enable our people to learn, grow, develop and reach their full potential.
		We align with the aspirations of our communities	We understand and align with the aspirations and expectations of our communities so that our impact on their lives is positive.

Section 3. Organisational Design





1. Scope

The Eastern Mining d.o.o organisational design shapes the way that the organisation intent to operate, pursue its strategies, and meet organisational objectives. The process involves setting up structures and systems, facilitating the transition into the new structure and helping employees to adapt to the new way of working spanning DFS, construction and being fully operational. To achieve this, the scope includes the corporate Adriatic Metals structure and how it will interface with Eastern Mining d.o.o as an organisation now and into the future. This will also position Adriatic Metals to:

- Understand how capabilities and resources will be organised and aligned to support and deliver the organisation’s core business;
- Give clarity and consistency in how positions are designed and structured across its businesses;
- Make disciplined resourcing decisions;
- Optimised the required capabilities and how they are applied across;
- Control and monitor growth in workforce cost as demand changes during the life cycle of the project(s); and
- Enable growth into new geographical locations.

2. Organisational Design Principles

The following design principles were agreed and will guide design into the future.

2.1 Corporate: Design Principles

- Span of Control: 6 to 8 direct reports to the CEO
- Matrix design at group level:
 - Business Units are the critical path or revenue generating internal customers
 - Support Services Units provide a service to the business units.
 - Support Services Units are operationally and geographically agnostic.
- Critical governance and oversight functions are centralised in Corporate Support Services Units
- Centralised control and decentralised execution
- Business Unit and Support Services Unit Managers report to the CEO
- Transition Roles are critical development roles (mostly filled by expatriates) that will work across both countries and transition from Adriatic’s BiH to Serbia operations (and future operations) to have continuity aligned to project phases
- Organisational design aligns with the operating model (licence-to-operate through to product offtake)

2.2 Operations: Design Principles

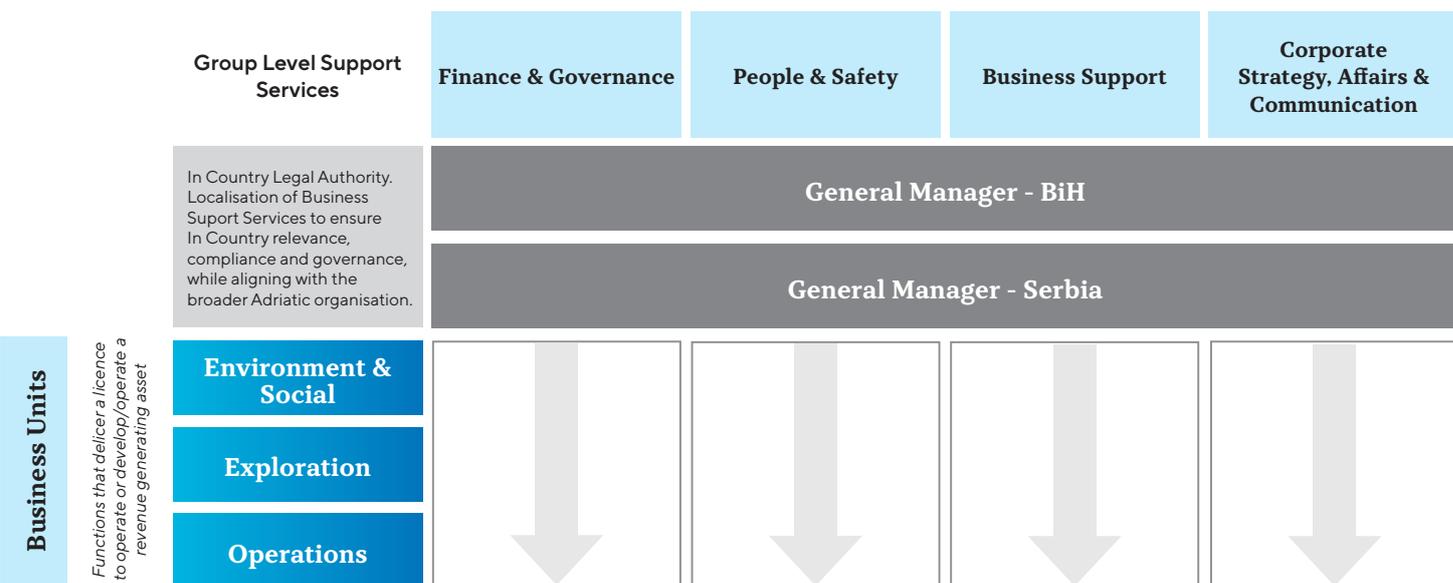
- A functional hierarchical structure that facilitated decentralised execution in-country
- Each operation is self-sufficient with reach back to corporate functions by exception
- Span of Control: 8 to 10 direct reports per Line Manager
- Maximum 4 to 5 organisational levels between the CEO’s direct reports and the lowest level of employee within Eastern Mining d.o.o
- One-on-one reporting lines to be avoided

3. Process

The Group Level Matrix Design provides a distributed system of management with the following advantages and challenges:

Advantages	Challenges
<ul style="list-style-type: none"> • Flexibility enables optimum utilisation of specialist technical capabilities across multiple parts of the business. • Smaller footprint of specialist roles (to maintaining lower overheads). • Provides for a high level of empowerment (where the capabilities exist). • Is readily applied for any combination of projects and geographies (and prevents geographical silos). 	<ul style="list-style-type: none"> • Accountabilities can be unclear (harder to establish). • Requires constant reprioritisation of effort. • Requires relationship maturity (active internal involvement, negotiation and conflict management). • Requires high capability amongst Line Managers to maintain relationships, communicate clearly and deal with uncertainty.

3.1 Group Level Matrix Design: Purpose and Functions



3.1.1 Business Units

Business Unit	Purpose	Function
Environment & Social	Establish environmental and community requirements and agreements. Oversee delivery of all environmental and social programs and benefits.	Implement ES Plan Environment <ul style="list-style-type: none"> • Compliance with International Standards (IFC, EBRD & Equador Principles) and Local Requirements • Environment Management Plans • Impact Assessments Community Relations and Partnerships <ul style="list-style-type: none"> • Information Centres • Donations and Sponsorships • Community Benefits Program • Land Access
Exploration	Facilitate the identification and development of resources.	Drilling Programs <ul style="list-style-type: none"> • Exploration • Resources Definitions • Studies
Operations	Develop, commission and operate Adriatic mines and revenue generating assets	DFS Construction Commissioning Operations Management <ul style="list-style-type: none"> • Mining • Processing • Health & Safety • Technical Services • Maintenance

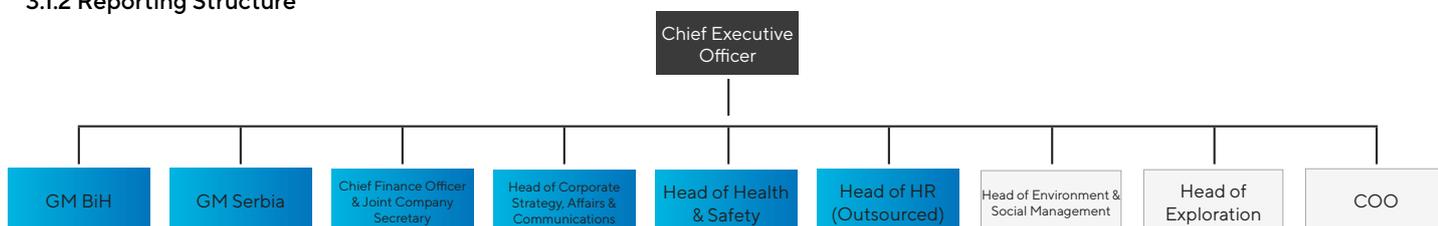


3.1.2 Supporting Units

Supporting Unit	Purpose	Function
Finance & Governance	Manage access to funds and application of all required governance processes and controls to ensure appropriate and responsible use of funds for the intended purpose.	Finance <ul style="list-style-type: none"> • Management Reporting • Financial Planning & Analysis (Budgeting) • Treasury • Taxation • Capital & Operational Expenditure Finance System and & Software Management Financial Accounting & Reporting Company Secretary & Board Reporting Legal Compliance Management
People	Provide specialist services to support the design and implementation of effective and efficient people management systems and processes.	Human Resources* <ul style="list-style-type: none"> • Culture & Organisational Development • Talent Acquisition • Talent Development • Business Partnering • Employee Relations • Payroll
Health & Safety	Develop and implement the required H&S management systems to ensure employee safety and health. Implement the required governance processes and controls	Occupational Health and Hygiene Process Safety Fatal Risk Material Risk Workplace Health and Safety Programmes
Business Support	Provide business support to maximise efficiency of Adriatic leaders and specialists	Travel & Logistics Property & Facilities Management (GM BiH) Security * (GM BiH) ICT* <ul style="list-style-type: none"> • Infrastructure • User Access and Support
Corporate Strategy, Affairs & Communications	Develop and strengthen relationships and partnerships. Develop ESG strategy to benefit communities and appeal to investors.	Government and External Relations Investor Relations (Promotion and Investor Presentations) Corporate Communication Acquisitions (land holdings and other assets) Business Development
In Country General Manager	In Country legal authority. Facilitate relationships, agreements, interfaces and compliance with all local requirements to enable Business Unit operations, Localisation of Business Support Services to ensure In Country relevance, compliance and governance.	Local Approvals and Permits Administration and Compliance Government Relations and Reporting In Country Administration and Compliance Contract Management In Country Approvals for Corporate Affairs and Communication

*outsourced functions

3.1.2 Reporting Structure



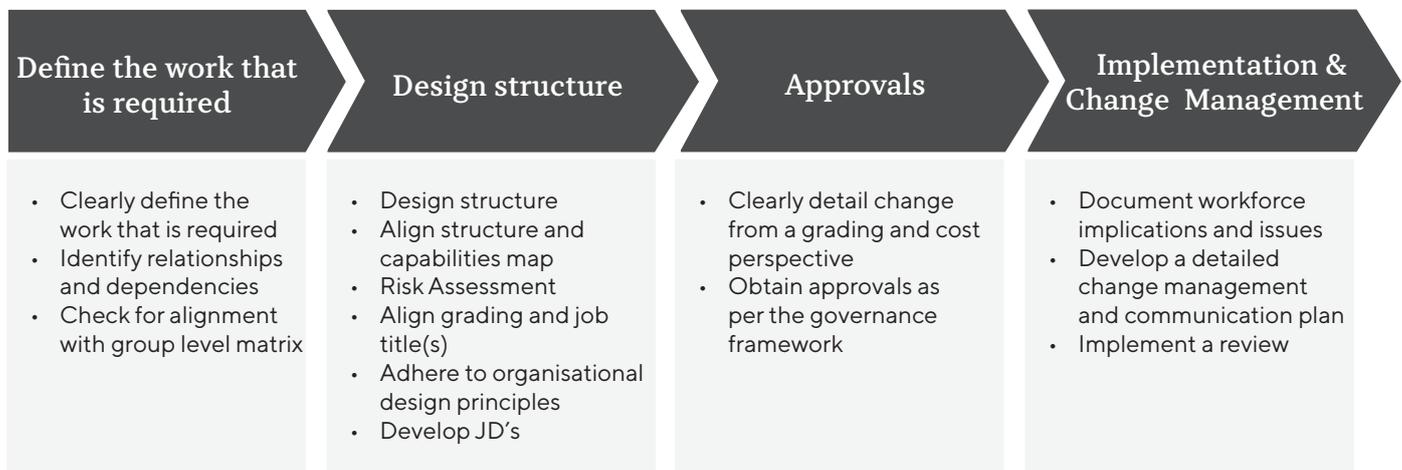
4. Eastern Mining Organisation Design

Group Level matrix design and Operational design principles informs:

- The review of the current structure
- Designing of the construction project organisational structures
- Designing and finalising the operational mine structure

4.1 Design and Review Process

The following process is followed to achieve the above-mentioned design outcomes to ensure a fit for purpose organisational structure that supports the achievement of the set organisational objectives at every stage. This is done within the clearly defined Purpose and Functions of each unit as detailed in the Group Level Matrix design. The same process will be used to review and design a new role, team, section or department. The process will be deployed with a coaching focus to ensure that the required capacity and capability are developed in the operational leadership team within the set governance requirements.



4.2 Governance and Accountabilities

Business and Support Services Unit Leaders are accountable to design their departments and to update these organograms to reflect changing business requirements. The HR Department will provide support, guidance, and reporting capability.

All Unit Leaders are accountable to:

- Maintain an approved organogram with supporting labour budget on record with the HR Department;
- Ensure up to date Job descriptions for all positions in the approved organogram;
- Facilitate and monitor the effective implementation of the organisation structure; and
- Adhere to the Eastern Mining d.o.o Organisational Design Guideline that details;
 - Organisational Design Principles
 - Job Grading framework
 - Standardised designations per grade level
 - BiH statutory requirements as detailed in the Rulebook on Job classifications July 2021

Section 4. Resourcing Strategy



1. Intent

The Eastern Mining d.o.o Resourcing Strategy will enable the business to identify, attract and select the best talent for the operations.

The following principles will ensure that the stated intent are realised:

- The recruitment and selection process will be fair and transparent reflecting Adriatic values;
- Line leaders are accountable to recruit and select the best talented candidate for their respective teams;
- Development feedback will be provided to all internal candidates that are not successful for a role that they have applied for;
- Internal and external talent pools to be established to ensure quality talent pipelines;
- Diversity is celebrated and encouraged;
- Preference will be given to Nationals and people from the communities around the operations
- Recruit for potential and development will be priority; and
- All new employees will be selected based on culture and values fit.

This resourcing strategy will be delivered in partnership with outsourced providers ensuring that the best candidates are sourced and appointed.

2. Resourcing Needs

2.1 Expatriate Staff

Requirements	10 roles
Positions	Management, Snr Professionals and/or Trainers identified as Expatriate in approved Organisational Chart
Sourced	Internationally – Various countries
Target Talent Zone	International Polymetallic mines
Nature of Talent pool	Small and very specialised Required to coach and transfer knowledge
Provider	Globe 24-7

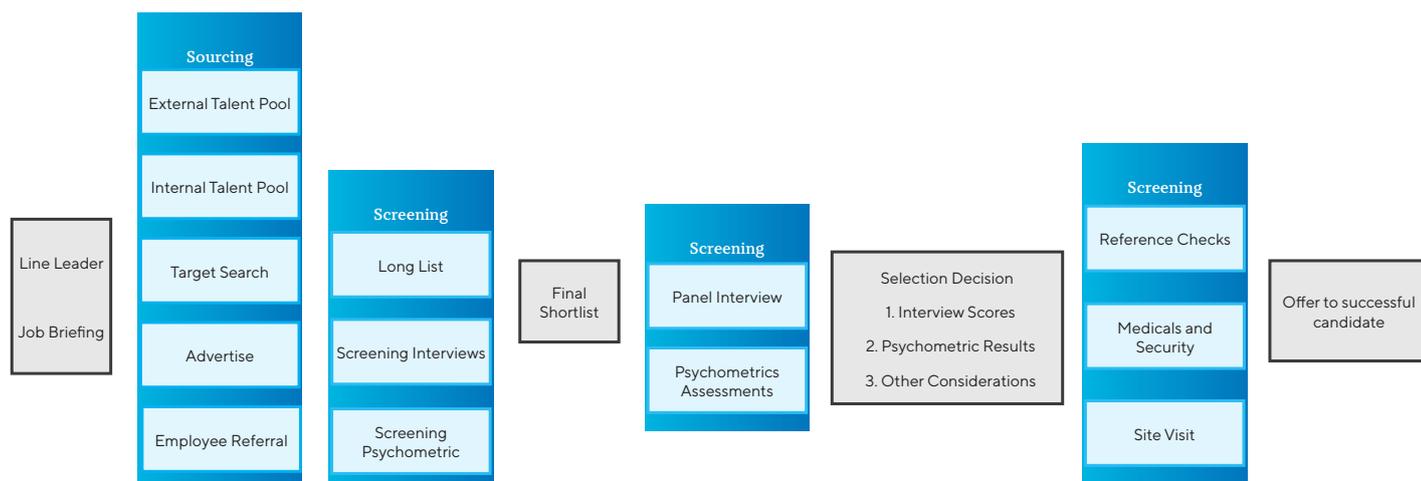
2.2 National Staff

Requirements	120 roles (approx.)
Positions	All national positions as per approved Organisational Chart
Sourced	Bosnia and Herzegovina
Target Talent Zone	Target zones in Bosnia and Herzegovina: <ul style="list-style-type: none">• Zone 1: Zenica – Dobož Canton (Vares, Breza, Kakanj, Olovo, Zenica)• Zone 2: Sarajevo Canton• Zone 3: Tuzla Canton
Nature of Talent pool	Highly qualified talent that lacks relevant work experience and/or exposure to working for an international company High unemployment for skilled and professional workers in all three target zones. Vocational training in schools in all three zones targets skills for the mining industry – entry level roles & students who want to pursue tertiary education
Provider	Local BiH-based recruitment firms

Adriatic Metals Plc and Eastern Mining d.o.o is seen as a reputable international employer in the BiH labour market and is well positioned to access the right skills for their operations at the right time. Strong community commitments towards local employment will require a dedicated focus on understanding and building a strong community focused resourcing approach.

3. Process

The resourcing process below provide a comprehensive overview of the EDGE® Resourcing approach. Eastern Mining d.o.o will adopt the most suitable combination of the process below to fill all identified roles with the best candidates in the shortest possible timeframe practical. The detail application will be recorded in the Eastern Mining Resourcing procedure and that will guide the service delivery of the selected outsourced providers.



Eastern Mining d.o.o’s Resourcing Strategy will utilise the EDGE® Whole Job Approach. The EDGE® Whole Job Approach details what skills, knowledge, experience, and behaviours are required per whole job (Self, Job & Team) and are customised for the Eastern Mining business.

The following practical applications will be implemented in Eastern Mining d.o.o utilising the EDGE® Whole Job Approach:

- Detailed Job Descriptions (Organisation Design: Build Phase);
- Aligned recruitment, selection and assessment processes (Resourcing Strategy: Build Phase);
- Eastern Mining Learning Framework with Individual Learning Maps that guide individual job specific development (Talent and Learning Strategy: Build Phase);
- Transparent Performance Management processes (Talent and Learning Strategy: Build Phase); and
- Effective Talent Identification and Management (Talent and Learning Strategy: Build Phase).

EDGE® Whole Job Approach





3.1 Job Briefing

The recruiter with the appointing line leader will:

- Review approved job description;
- Agree any specific additional requirements pertaining to the role;
- Discuss sourcing options and agree path forward; and
- Confirm timeline.

The following tools will be utilised in this part of the process:

- Job description
- Job briefing sheet
- Recruitment project plan

3.2 Sourcing

The following sourcing tactics will be available to the recruiter. The most appropriate tactic(s) will be selected based on the outcomes of the job briefing with the appointing line leader.

The following sources of talent could be utilised in any combination:

- External candidate database that will consist of:
 - Recruitment providers data base
 - Talent map of all BiH Nationals that are working internationally
 - Community database per targeted zones including employed and unemployed candidates
 - Federal Employment Services and Canton Employment Services
- Targeted Search for specialised skills
- Employee referral
- Internal talent database
- Advertisement

Tools to be utilised in this phase:

- Candidate tracking databases
- Job Portals - MojPosao.ba (most prominent employment website), Poslovi.ba (target professionals and are used by multinationals), Boljiposao.com
- HRIS for internal candidates
- LinkedIn
- Job Advert Template
- Advertising channels
 - In 'Dnevni avaz'
 - Facebook pages, online poslovi BiH
 - Tražim Nudim Posao
 - "Get a job" app which allows unemployed young people to get information about open ads in a very simple and fast way.
 - Jooble, an internet search engine for jobs in Bosnia and Herzegovina
 - Local advertising:
 - FB: Vareš online,
 - Radio Bobovac (<http://radiobobovac.com>),
 - Radio Breza (www.radiobreza.com)
 - Portal breza-x.com (<https://breza-x.com>)

3.3 Screening

Available applicants/candidates are screened against the criteria that has been developed based on the job description and the line leader briefing.

The long candidate list is shortened through utilising one or both of the following processes:

- Screening Interview – short interview to assess candidate's suitability for the role and level of interest
- Screening psychometrics – on-line short psychometric assessments are used to refine the candidate list in terms of suitability for bulk entry level roles as well as Senior leadership roles

Tools to be utilised:

- The screening Interview Guide that has been developed utilising EDGE® Whole Job Approach
- The screening Assessments selected to measure identified core competencies as per the EDGE® Whole Job Approach

3.4 Selection

The short-listed candidates from the screening process will enter the selection phase of the process. The selection phase will be guided by an assessment matrix that will clearly stipulates what competencies will be measured through what activity in the selection phase i.e., what competencies will be assessed via interview, and which will be assessed via psychometric assessment. This ensures an effective and efficient process resulting in a quality outcome.

The two main processes in this phase are:

- Panel Interviews
The final interview will be conducted utilising an approved competency-based interview guide that is based on the Adriatic EDGE® Whole Job Approach and will test the identified competencies as reflected in the assessment matrix. The members of the panel will be the appointing line leader, a representative of the outsourced provider and an Eastern Mining d.o.o HR representative. The line leader is free to invite another panel member if he or she deems it necessary. Each candidate will be scored against the identified competencies by the panel members.
- Psychometric Assessment
The shortlisted candidates will complete the identified psychometric assessments assessing the competencies as per the agreed assessment matrix for the role.

The recruiter will consolidate all the results of the panel interviews and the psychometric assessments into a selection matrix for discussion with the appointing manager and other panel members that participate in the interview. The recruiter will provide an appointment recommendation for consideration by the appointing manager based on interview scores, psychometric results, and any other relevant considerations.

Tools to be utilised:

- Competency assessment interview guides based on the Adriatic EDGE® Whole Job Approach
- Approved Assessment battery per job level and type
- Assessment Matrix Template
- Panel Interview Consolidated Scoring Sheet
- Final Selection Matrix

3.5 Final Checks

Once a preferred candidate has been identified a site visit will be arranged where required. All required reference, medical and security checks need to be done in line with Eastern Mining d.o.o policies and procedures before an offer for employment will be made.

Tools to be utilised:

- Checklist
- Contract request form

4. Document and Quality Control

Each resourcing process needs to be clearly recorded with supporting evidence for appointment decisions. Quality of appointments will also be monitored via one or more of the following internal Eastern Mining d.o.o processes:

- Probation – number of candidates completing their probation period successfully
- Performance in role – correlation between selection decisions and role performance
- Internal development assessments – correlation between selection assessments and developmental assessments
- Verification of Competencies (VOC's) – does on the job skills assessments correlate with selection skills assessments

Section 5. Compensation and Benefits Strategy



Compensation and Benefits Strategy

Intent

The Adriatic Metals Plc compensation & benefits strategy provides a framework for the development of an Eastern Mining d.o.o Compensation and Benefits policy and procedures that will:

- Enable differentiation by job size, capability and reward for performance;
- Maintain internal relativities with links to external benchmarks;
- Maintain structured, consistent and fair remuneration processes that supports retention and development of our people;
- Mitigate the risk of discriminating on the basis of gender, ethnicity and religion; and
- Incentivise the right behaviours underpinned by the company's values.

The following principles informs the Compensation and Benefits Policy:

- All positions are objectively evaluated (and assigned to a level) based on the attributes of the job as needed by the organisation and is not based on the competency or performance of the individual;
- Salary ranges for each level are benchmarked to Industry data by country combining all jobs for that level;
- Staff salaries are assigned within +/- 20% of the benchmark;
- Overall remuneration (including salary and other elements of remuneration) for salaried staff (on average) is no less than the median in the market, with a view to targeting the 75th percentile with regard to scarce and / or high impact roles; and
- Staff salaries will be reviewed on an annual basis (or more often), albeit with no guarantee of an increase.

1. Governance

This section outlines how the policy will be administered and controlled as well as who the responsible committees and individuals. This section describes the role of the Board Remuneration Committee, Remuneration Management Committee and the Employee Consultative Committee.

Senior Executives

- Remuneration for Senior Executives are administered and controlled by the Board's Remuneration Committee. Submissions are coordinated by this committee and supported by Management and its appointed independent Remuneration Consultant as needed.

All Employees

- Remuneration for all employees (not Executives) will be reviewed / recommended by completing the required form(s). All forms are processed by HR, approved by the Head of the HR Function and authorised by the CEO. Access to Remuneration information is restricted to HR, CFO and CEO.

Head of Human Resources

- The Head of the HR Function is responsible for ensuring all processes and supporting documentation are administered according to the Compensation & Benefits policy.

Remuneration Management Committee

- A Remuneration Management Committee as nominated by the CEO and Head of the HR Function will be convened as needed to administer the Annual Remuneration Review (for salaries, incentives) as well as new or changed Job Evaluations and to review exceptional cases (eg. salary recommendation that does not comply with policy). The committee will be comprised of members of the Management Team (with the support of HR and / or an independent consultant as required).
- The Remuneration Management Committee will determine all reporting requirements relating to the governance of remuneration at Eastern Mining.
- An annual audit of all remuneration changes / payments will be administered by the Head of the HR Function for review by the CEO and selected members of the Remuneration Management Committee.

Employee Consultative Committee

- The established Employee Consultative forum will be consulted when significant changes to the Eastern Mining Compensation and Benefits Strategy is considered. The forum will be engaged to help with effective communication of any changes.

2. Job Evaluation

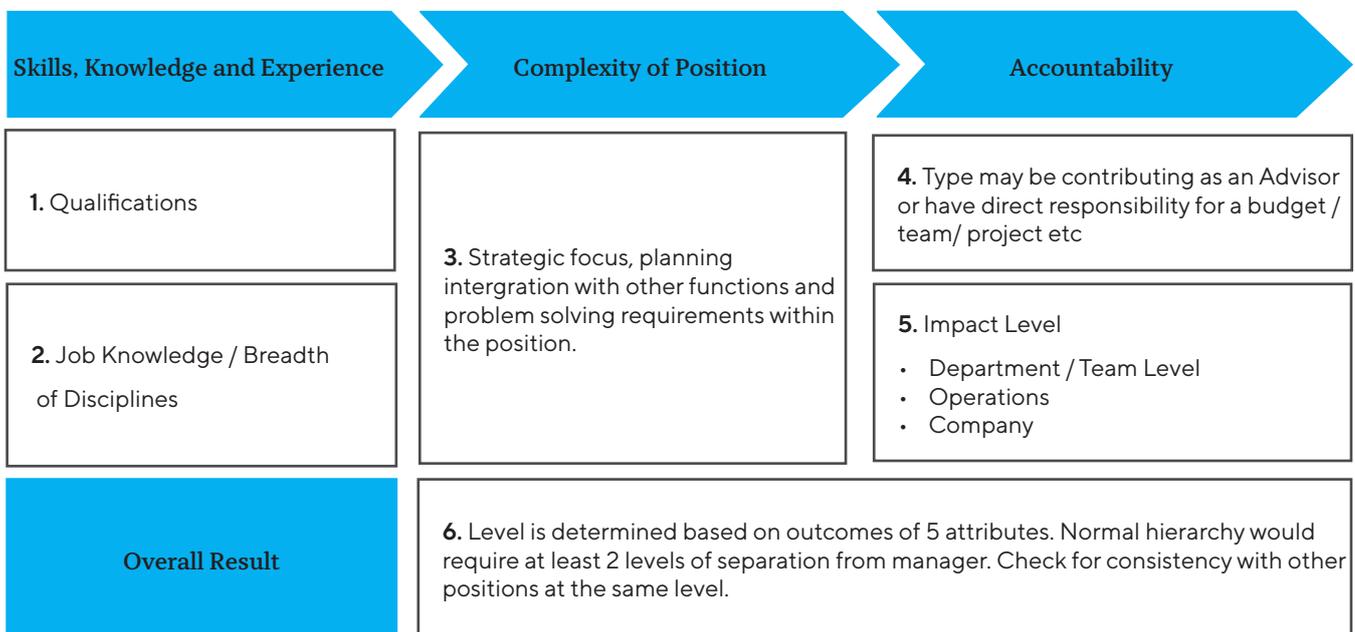
All jobs across the organisation have been formally evaluated, reviewed and calibrated utilising Gradar. All positions have been assessed and placed into a remuneration level based on a combination of factors such as skills, knowledge & experience, complexity and accountability of the role.

Any new position requiring a Job Evaluation or change to a Remuneration Level of an existing position must reviewed by the Remuneration Management Committee and authorised by the CEO.

Job Evaluations relating to an existing position already assigned to a Remuneration Level must have undergone significant change in the role (20% difference or more as a guide) to warrant another evaluation.

The Job Evaluation process focuses on the position being evaluated and does not evaluate the individual. The evaluation process assigns a position to a Remuneration Level based on a combination of the following attributes:

- **Skills, Knowledge & Experience:** the qualifications, skills and competencies required in a job to realise its accountabilities and to perform the job in an acceptable manner. Job knowledge and level of experience required in addition to the breadth of disciplines also contributes to this job evaluation component;
- **Complexity:** the level of the reasoning ability which a job requires, both in terms of initiative and level of complexity. This is influenced by aspects such as strategic focus, planning, integration with other functions and problem solving; and
- **Accountability:** the measurable impact (direct reports, budget responsibility) of the job in delivering outcomes for Eastern Mining. This is also measured when the role takes on an advisory function, which varies depending on the impact level (department v operations v company).



3. Industry Benchmarking

Eastern Mining d.o.o benchmark its salaries by aligning mid-points of each level to comparable positions (at the same level) from mining sector data (e.g. other mine site pay rates). Eastern Mining's benchmarked Salary Ranges will be updated annually based on the latest data available. It is recommended that the in-country market for mining be surveyed every 3 years unless relative economic dynamics suggest otherwise.

The nature of benchmarking data as described above is a reflection on the market several months prior (at the time of the survey being done) to being applied by Eastern Mining's Salary Ranges. As such the market data is inherently limited in its ability to reflect significant market changes or emerging trends as they are happening. During years the full survey is not undertaken, it is recommended to adjust salary ranges by the wage inflation for the industry (or overall wage inflation for the country in the absence of industry specific data being available on salary changes).

Market Changes Feedback

To ensure Eastern Mining remains abreast of market changes or emerging trends affecting remuneration, the Head of HR will maintain a log of information sourced through managers (i.e. as a result of recent or current recruitment activities) and / or industry contacts (i.e. informal and formal market intelligence gathered from networking) to assist with managing individual salaries (e.g. determine salaries for new staff).

The log will be maintained on an ongoing basis to be used at any stage during the year with a submission made to the Remuneration Management Committee as part of the annual audit (or as is needed in case of emergency). The log will be submitted along with recommendations for action, if any are required.

4. Salary Ranges

Eastern Mining d.o.o's aim is to ensure all employees are paid within the Salary Range applicable for their position. The Salary Range spans 80% to 120% of the mid-point. A 'Compa Ratio' (Salary as a % of Mid-Point of Eastern Mining Level) between 80% and 120% is acceptable under Eastern Mining d.o.o's Remuneration Principles.

Compa Ratio

- 80% to 90% Entry Range
- 90% to 110% Mid-Range (Competent / Productive)
- 110% to 120% High Range (Proficient)
- <80% Below Range
- >120% Above Range

Entry Range 'Compa Ratio' may be a reflection of an individual new to the position. In cases where an individual has performed consistently in the position for several years, this 'Compa Ratio' is not necessarily a reflection on the individual, but more indicative on how this position has historically been remunerated within Eastern Mining d.o.o and/or in the mining industry. Entry range presents an opportunity for future progression within the salary range.

Mid range 'Compa Ratio' is considered the benchmark remuneration for the position. It would generally reflect an individual who has achieved all the necessary competencies to be successful in the position and delivers consistent performance each year.

High range 'Compa Ratio' is clearly above the benchmark salary for the position. It would generally reflect an individual who has excelled in the position consistently over an extended period of time. Whilst progression with a high range 'Compa Ratio' may be somewhat constrained, opportunities may arise for promotion to the next level, provisional upon their being opportunities at the higher level. The high range may also apply for jobs in the industry that are experiencing higher than normal upward pressure on remuneration.

Below range 'Compa Ratio' may apply in exceptional circumstances as a result of an incumbent not meeting the full requirements of the role at that level. It is expected that being 'Below range' is a temporary / short term measure until such time that the full requirements of the role are met.

Above range 'Compa Ratio' may result in an employee transferring to a lower-level position than previously held. Higher salaries may also exist due to historical reasons.

5. Managing Individual Salaries

The Adriatic Metals Plc compensation & benefits strategy provides a framework for the development of an Eastern Mining Managers with the support and guidance from HR are able to make changes or determine salaries for new or existing staff in the following circumstances:

- New hire to Eastern Mining d.o.o (into a new or existing role);
- Annual Remuneration Review;
- Transfer or Promotion to a higher level; or
- Out of Cycle Review (outside of the Annual Remuneration Review).

The following are to be considered when making salary recommendations:

- a. Site / Location of position (Roster, Hours of Work and Site conditions lend itself to a premium being applied for site-based staff);
- b. Type of role (Whilst at the same level, there are instances whereby industry roles may attract a premium to non-industry or general roles. This also occurs when there is a scarcity of skills for a specific role);
- c. Proven performance, competency and experience in position (this should be determined with a view of other individuals in the same role / level and their remuneration);
- d. Salary increases are within budget / affordable;
- e. New hires and promotions are generally placed in the 'Entry Range' (80% to 90% Compa Ratio);
- f. Salary increases for existing staff should take into account their current salary, experience gained, qualifications, competencies and performance;
- g. Maintaining internal relativities (e.g. staff in similar positions, maintaining suitable gap between staff and their manager);
- h. Attaining years in the same position does not automatically result in progression within the salary range;

Any exceptions to the guidelines will require submission to the Remuneration Management Committee with the ultimate approval of the CEO.

Higher Duties

When performing higher duties, it is expected that the incumbent will not be fulfilling 100% of the higher role. Therefore, higher duties allowances will not necessarily reflect the 'full' remuneration of the higher role. A higher duties allowance is only adopted for a period of higher duties of no less than 4 weeks. For periods less than 4 weeks, higher duties allowance can only apply in exceptional circumstances (at the discretion of the CEO). All higher duties rates for salaried employees will be determined by HR, that will provide for a salary in the 'Entry Range' for the Eastern Mining Level of the higher position. If the individual's salary is already within the range, then a 10% higher duties rate will apply.

6. Annual Review

Annual reviews take into account Eastern Mining d.o.o.'s ability to pay, individual performance, internal relativities, compa ratio, market conditions and changes in the cost of living.

Indicative Timetable

- October Week 1 to 2 - Prepare data, framework for decision making and recommendations
- October Week 3 to 4 - Remuneration Management Committee meet to undertake review of salaries and incentives
- November - Remuneration Management Committee final sign off for salaries and incentives
- December / January - Letters to all staff and payroll updates for changes effective January

Modelled Salary Increase (Performance v Compa Ratio)

The following matrix models salary increases based on 'Performance' and 'Compa Ratio' targeting an overall spend of approximately 5% (on the basis that a 2% increase will result in maintaining the same compa ratio from one year to the next).

Performance	NA/Not Met	Met	Exceeded
<u>Compa Ratio</u>	<5% of emps	~60% of emps	~35% of emps
<80% Below Range	0.0%	4.0%	8.0%
80% to 90% Entry Range	0.0%	3.0%	6.0%
90% to 110% Mid Range	0.0%	2.0%	4.0%
110% to 120% High Range	0.0%	1.0%	3.0%
>120% Above Range	0.0%	0.0%	0.0%

Out of Cycle Salary Increases

Salaries may increase outside of the Annual Remuneration Review in cases of promotion, transfer or a significant change in position. An out of cycle review may also take place in exceptional cases with the support of a detailed business case (including updated position description). In all cases, salary increases must be within budget and subject to the normal approval process with ultimate authority required from the CEO.

8. Benefits

Some of the allowances and benefits listed below represent a change to the current practice, and as such will be managed under a transition arrangement.

- Eastern Mining Employee Health Insurance** - Eastern Mining will provide private health insurance for its permanent employees through its own scheme. Please refer to Eastern Mining's Employee Health Insurance Scheme & Procedure for further detail.
- Meals Provided by Eastern Mining** - All Site staff, as a rule, will be provided with meals. In the event staff are not able to access meals, the applicable compensation will apply (per industry standards / obligations by law).
- Transport Provided by Eastern Mining** - Eastern Mining provides transport / bussing for the daily commute from Vareš (and defined surrounding areas) to site. No other transport allowances will be covered by Eastern Mining unless subject to exceptional circumstance as approved by the Head of the HR Function and authorised by the CEO.
- Vareš Housing / Site Allowance** - Eastern Mining will provide to its staff, who live in Vareš (and defined surrounding areas) whilst working at site, an allowance of 200 BAM (net of taxes). An additional 150 BAM (net of taxes) applies for staff at Eastern Mining Level 8 and above.
- Responsibility Allowance** - An allowance of 100 BAM net per month shall be paid to staff in positions of responsibility as defined by industry standards in mining. An additional 150 BAM (net of taxes) applies for staff at Adriatic Level 5 and above.

Section 6. Talent and Learning Strategy



Intent

The Talent and Learning strategy will ensure that all Eastern Mining d.o.o employees have access to learning and development opportunities that will enable them to learn the skills, knowledge and behaviours that are required to perform in their current roles and enable the development of their full potential.

The above intent will be achieved within the context of the following organisational realities:

- Eastern Mining d.o.o is recruiting young highly qualified employees with no or limited experience focusing on the development of the required technical and behavioural skills;
- Eastern Mining d.o.o is a values-based organisation where leaders and employee’s behaviour reflect the stated organisational values;
- Eastern Mining d.o.o is committed to a diverse national workforce and expatriate numbers will be kept to the minimum; and
- Detailed and prescriptive legislative mining and labour frameworks in BiH.

The organisational realities will be managed through the sharing of responsibility between employees and Eastern Mining d.o.o in that:

- All employees are responsible for their own learning and performance;
- Eastern Mining d.o.o in turn is responsible to create learning opportunities that will focus on development in one or all the areas below based on identified needs:
- Individual competencies to manage him/herself effectively in the workplace
- Job specific skills and knowledge
- Competencies to work effectively as part of a team and/or to effectively lead a team
- Eastern Mining d.o.o will design and implement a transparent Performance Management process to provide employees with clear performance objectives, coaching and feedback.

The Eastern Mining d.o.o Talent and Learning Strategy will be design and operationalised utilising the EDGE® Whole Job Approach.

The EDGE® Whole Job Approach details what skills, knowledge, experience, and behaviours are required per whole job (Self, Job & Team) and are customised for the Eastern Mining d.o.o business.

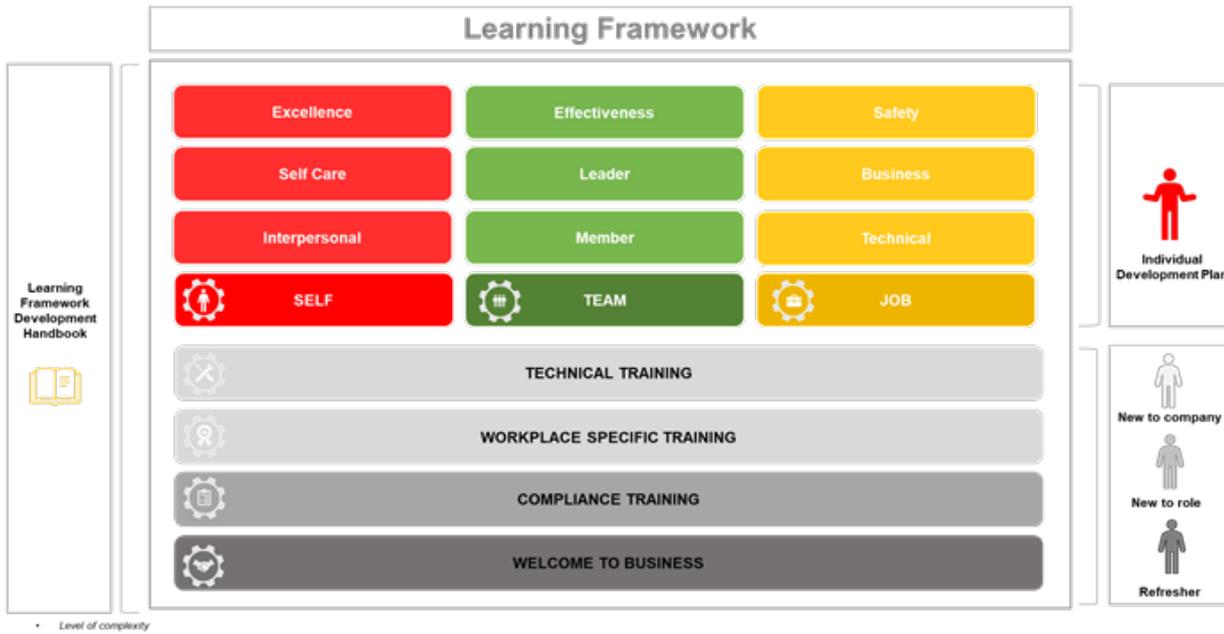
The following practical applications will be implemented in the business utilising the Eastern Mining d.o.o EDGE® Whole Job Approach:

- Detailed Job Descriptions (Organisation Design: Build Phase);
- Aligned recruitment, selection and assessment processes (Resourcing Strategy: Build Phase);
- Eastern Mining d.o.o Learning Framework with individual Learning Maps that guide individual job specific development (Talent and Learning Strategy: Build Phase);
- Transparent Performance Management processes (Talent and Learning Strategy: Build Phase); and
- Effective Talent Identification and Development (Talent and Learning Strategy: Build Phase).



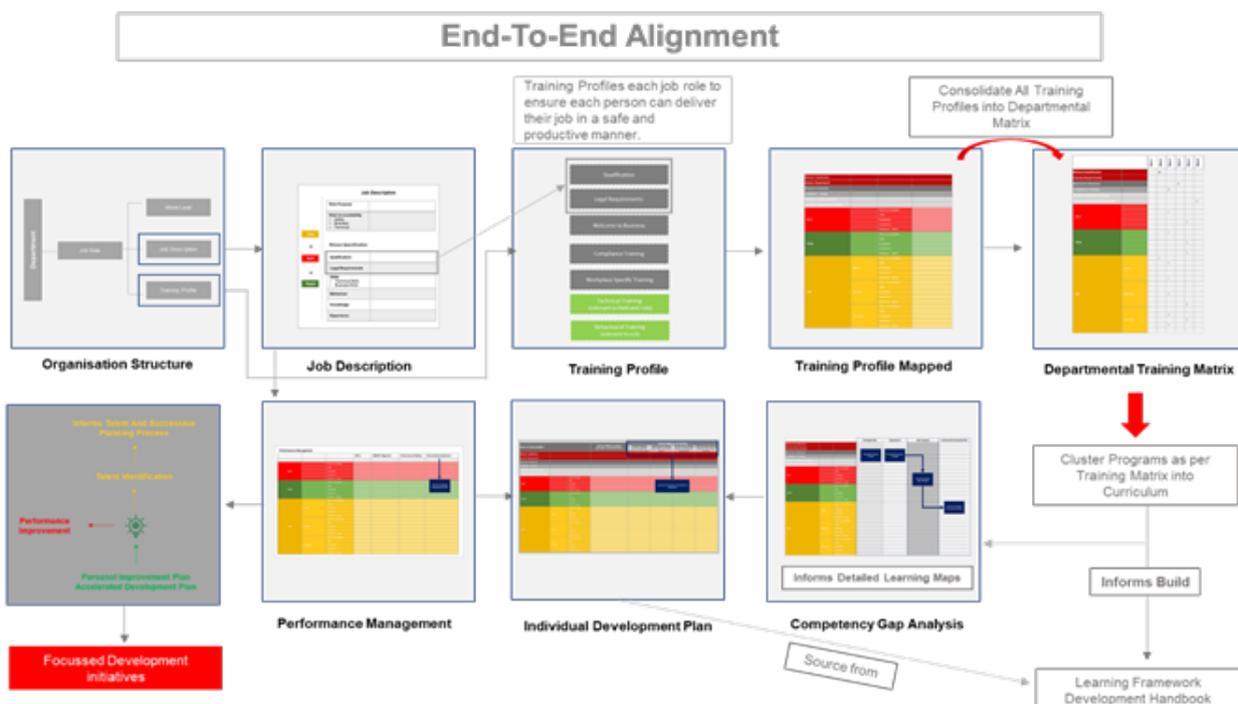
2. Eastern Mining Learning Framework

The Eastern Mining d.o.o Learning Framework and supporting Development Handbook are developed and customised utilising the EDGE® Whole Job Approach supported by the EDGE® Learning Framework Development Handbook as design guides.



The Eastern Mining Learning Framework will be operationalized in the build phase using the following end to end process that will result in:

- Appropriate curriculum and content design for Eastern Mining Learning Framework
- Fit for purpose Individual Development Plans for all employees
- Performance improvement through effective performance management
- Focused development initiatives to support specific talent development requirements





The Eastern Mining d.o.o Learning Framework will be governed by the Eastern Mining Talent and Learning policy supported by detailed procedures for own employees and contractors. The Eastern Mining Learning framework will guide design of all development initiatives from needs analysis to assessment. The Learning Framework is a powerful vehicle to embed the Adriatic culture and values ensuring an aligned and empowered Eastern Mining d.o.o workforce.

3. Talent Development

Talent at Eastern Mining d.o.o will be identified, developed and managed in two broad groups:

- Talent Pipelines
- Focused Development Initiatives

3.1 Talent Pipelines

The Eastern Mining talent pipelines endeavours to:

1. grow a future talent base from the identified communities surrounding Eastern Mining d.o.o; and
2. manage the career development of young graduate talent through a structured development programme supported by coaching and mentoring.

The following talent pipelines has been identified for Eastern Mining:

- **Vocational Scholarships** – In 2021 ten full scholarships for the 10 best ranked students were made available through Eastern Mining. Ranking is done in accordance with criteria that is stipulated in the Education legislation. Value of the scholarship is 100.00KM for 10 months. There is a possibility that this will be followed with a paid internship for 6 months at Eastern Mining d.o.o. The best performing student (studies and internship) will receive a full scholarship.
- **Vocational Schools Programmes** – 3 and 4 year programmes
- **Further Education Support**
- **Graduate Development Programmes**
 - Geology
 - Metallurgy
 - Electrical Engineering
 - Mechanical Engineering

3.2 Focused Development Initiatives

Talented employees will be identified utilising the EDGE® Career Conversation process to participate in focused, accelerated development initiatives.

These initiatives will meet one or both of the following organisational objectives:

- Deepen participant's technical capability in current or future role; and
- Develop the future leaders for Eastern Mining d.o.o business to enable a diverse, national workforce while meeting company performance and growth requirements.

4. Performance Management

Eastern Mining d.o.o will develop a transparent employee performance management process aligned with the business performance management systems and processes.

The following principles support and enable effective performance management at Eastern Mining d.o.o:

- Each employee is responsible to deliver excellent outcomes;
- Each line leaders is responsible to provide feedback and to performance coach;
- All employees participate in the Performance Management process;
- Calibrate and align objectives per level and role ensuring transparency and fairness;
- Company, team and individual performance is measured; and
- Individual performance is a combination between role performance and values.

4.1 Performance Management Process

