

## TERMS OF REFERENCE FOR BOARD OVERSIGHT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

### 1. PURPOSE

The purpose of these Terms of Reference is to ensure sufficient oversight of Capstone Copper Corp.’s (“Capstone”) ESG strategy management and disclosure of ESG risks and opportunities that can affect Capstone’s long-term strategy and prospects to improve long-term value for our stakeholders.

### 2. REPORTING TO THE BOARD

The Board will receive quarterly reports from Senior Management on ESG issues including climate change, water scarcity, human rights, diversity and inclusion, ESG risks and mitigation, opportunities, performance, progress towards goals and disclosure.

### 3. KEY RESPONSIBILITIES

The Board has the responsibility for overseeing the effectiveness of policies, procedures, practices, controls, reporting and disclosure implemented by Senior Management with respect to Capstone’s ESG risks and opportunities and providing guidance (when necessary) to Senior Management on management of these risks and opportunities. The Board has delegated the responsibility for oversight of the following sustainability matters to the Governance, Nominating and Sustainability Committee:

#### ESG Strategy and Business Strategy

- a) Provide oversight and direction on Capstone’s ESG Strategy;
- b) Ensure that Capstone’s ESG Strategy and other relevant ESG objectives are integrated into Capstone’s long-term strategic plan;
- c) Review and monitor the effectiveness of corporate policies, procedures and practices with respect to ESG.
- d) Review quarterly the Company’s ESG performance and progress toward meeting ESG Strategy targets and other relevant ESG objectives.
- e) Monitor significant developments in regulations, trends and evolving industry best practices with respect to ESG.

#### Disclosures

- a) Provide oversight of ESG disclosures, including annual sustainability reporting;

#### Stakeholder Engagement

- a) Provide guidance to Senior Management on the type of ESG issues it would like to discuss with key stakeholders, as appropriate, and ensure effective communication and reports on issues raised in engagement and consultation.
- b) Ensure that Capstone’s ESG disclosures and activities align with stakeholders’ interests.
- c) Ensure stakeholders are provided with complete and transparent information through public disclosures.

Enterprise Risk Management

- a) Ensure that Capstone's ESG risks are incorporated into Capstone's Enterprise Risk Management framework and the oversight of each risk has been allocated to the Board or appropriate committee.

The Board has delegated responsibility for oversight of the following matters to the Technical and Operational Performance Committee:

- a. Environmental Matters related to the sustainable use of renewable and non-renewable resource use, environmental compliance issues and environmentally sensitive incidents.
- b. Employees' Health and Safety policies and activities
- c. Community Relations policies and activities

The Board may delegate specific areas of its ESG oversight responsibilities to its four committees:

Committee	Oversight responsibility
Audit Committee	<ul style="list-style-type: none"> <li>• ESG disclosures – ensure that disclosures are both qualitative and quantitative as appropriate</li> <li>• Processes and controls – ensure that disclosures are accurate, comparable and consistent</li> <li>• Assurance – ensure disclosures are reliable by independent review, as appropriate</li> <li>• ESG risks specific to the Audit Committee including financial impacts of ESG risks</li> </ul>
Human Resource & Compensation Committee	<ul style="list-style-type: none"> <li>• Accountability – ensure ESG goals are integrated into executive compensation</li> <li>• Talent and culture – ensure Senior Management has the right people in place to execute the ESG strategy</li> <li>• ESG risks specific to Human Resource &amp; Compensation Committee</li> </ul>
Governance, Nominating and Sustainability Committee	<ul style="list-style-type: none"> <li>• Engagement – ensure ESG story is being effectively communicated to investors and stakeholders</li> <li>• Board Composition – ensure the Board has the necessary expertise and skills to oversee ESG risks and opportunities</li> <li>• Education and training – ensure Directors and Senior Management have up-to-date knowledge related to ESG risks and opportunities</li> <li>• ESG risks specific to the Governance, Nominating and Sustainability Committee including Board structure, membership and corporate governance compliance</li> </ul>
Technical and Operational Performance Committee	<ul style="list-style-type: none"> <li>• Reporting – ensure accurate and measurable technical data and performance to support ESG disclosures and sustainability reporting</li> <li>• ESG risks specific to the Technical and Operational Performance Committee including operational risk related to tailings management, environmental protection, climate change, occupational health and safety, sustainability and social issues.</li> </ul>

#### 4. INFORMATION ADEQUACY

Management shall ensure that information is provided to the Governance, Nominating and Sustainability Committee and Board in a timely manner and in a format that the Governance, Nominating and Sustainability Committee and Board can interpret and use to accurately address the ESG risks, opportunities, performance and progress towards goals.

## **5. COMPETENCE AND TRAINING**

The Board is responsible for ensuring that Directors have the necessary skills and expertise to effectively oversee ESG issues. Continuous ESG training and learning are integral, with ESG competency and knowledge evaluated during the annual Board assessment process. The Board encourages continuous ESG training, as appropriate, at the Board and Senior Management level, as well as throughout the organization.

## **6. REVIEW AND REVISION OF THE TERMS OF REFERENCE**

Annual Review: The Governance, Nominating and Sustainability Committee shall annually review this Terms of Reference and recommend to the Board such changes as it deems advisable.