

## TERMS OF REFERENCE FOR THE GOVERNANCE, NOMINATING AND SUSTAINABILITY COMMITTEE

### 1. PURPOSE

The main purpose of the Governance, Nominating and Sustainability Committee (the “GNS Committee”) of Capstone Copper Corp. (“Capstone”) is to assist the Board in carrying out its responsibilities with respect to: developing and implementing principles and systems for the management of corporate governance and sustainability; establishing and leading the process for identifying and recruiting qualified individuals for Board and Board committee membership, as well as committee chairs; evaluating Board, Board committee, chair and director performance; and establishing the process for ongoing development for directors.

### 2. COMPOSITION

- A. The GNS Committee shall be composed of not fewer than three directors and not more than five directors, all of whom shall qualify as independent directors pursuant to National Policy 58-201 – Corporate Governance Guidelines.
- B. The Board, at its annual organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Corporate Governance and Nominating Committee for the ensuing year. The Board may at any time remove or replace any member of the GNS Committee and may fill any vacancy in the GNS Committee.
- C. The Board shall appoint the chair of the GNS Committee on an annual basis.
- D. The secretary of the Corporate Governance and Nominating Committee shall be designated from time to time from one of the members of the GNS Committee or, failing that, shall be the Corporate Secretary, unless otherwise determined by the GNS Committee.
- E. The quorum for meetings shall be a majority of the members of the GNS Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

### 3. CORE RESPONSIBILITIES

#### ***Board Composition and Nominations***

Subject to the powers and duties of the Board, the GNS Committee will:

- A. Review annually the Board’s relationship with management to ensure the Board is able to, and in fact does, function independently of management;
- B. Develop, and update annually and recommend to the Board for approval, a long term plan for Board composition that takes into consideration:

- i. the independence of each director;
  - ii. the competencies and skills the Board, as a whole, should possess;
  - iii. the current strengths, skills and experience represented by each director, as well as each director's personality and other qualities as they affect Board effectiveness and dynamics;
  - iv. diversity;
  - v. the appropriate size of the Board, with a view to facilitating effective decision-making; and
  - vi. the strategic direction of Capstone;
- C. Develop recommendations regarding the essential and desired experiences and skills for potential directors, taking into consideration the Board's short-term and long-term needs and succession plans;
- D. Develop and implement a process to handle any nominees for director who are recommended by security holders;
- E. In conjunction with the Board Chair and the CEO, recommend to the Board nominees for election to the Capstone Board of directors, considering what competencies and skills each nominee will bring to the Board as well as whether each nominee can devote sufficient time and resources to duties as a Board member;
- F. Assist the Board in ESG oversight as outlined in the Terms of Reference for Board Oversight of Environmental, Social and Governance ("ESG"); and
- G. Assist the Board in fulfilling enterprise risk management oversight relating to Board structure, membership and corporate governance compliance and ESG risks.

### ***Corporate Governance***

Subject to the powers and duties of the Board, the GNS Committee will:

- H. Review annually the corporate governance practices of Capstone in the context of its global business affairs and compare Capstone's corporate governance practices against those recommended or required by any applicable regulator or stock exchange;
- I. Ensure that the responsibilities of the Board are well understood by both the Board and management;
- J. Review periodically, for Board approval, a Board Manual outlining the policies and procedures by which the Board will operate and the terms of reference for the Board, the Board Chair and the CEO, and committees of the Board;
- K. In conjunction with the Board Chair and the CEO, assess the needs of the Board in terms of the frequency and location of Board and committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings and make recommendations to the Board as required;

- L. In conjunction with the Board Chair and the CEO, recommend committee members and committee chair appointments to the Board for approval and review the need for, and the performance and suitability of, those committees and make recommendations as required;
- M. Review, monitor and make recommendations to the Board regarding the orientation and education of directors;
- N. Review annually Capstone's directors' and officers' third-party liability insurance to consider adequacy of coverage;
- O. Review annually the terms of reference, position descriptions and policies relating to corporate governance matters;
- P. Review the Board's needs for formal Board, committee and individual director evaluation processes; and develop and implement appropriate processes;
- Q. Conduct annual Board assessment and report to Board;
- R. Review and approve the request of an individual director to engage independent counsel in appropriate circumstances, at Capstone's expense;
- S. With regard to Capstone's Our Values and Ethics, Code of Conduct (the "Code"):
  - i. Review and update periodically the Code and ensure that management has established a system to enforce the Code;
  - ii. Review actions taken to ensure compliance with the Code and the results of confirmations and violations of such Code;
  - iii. Ensure the Code, any revisions to the Code and any waivers to the Code granted by the Board are disclosed in a manner that meets regulatory guidelines;
  - iv. Ensure that any departures from the Code by a director or senior officer that constitute a "material change" within the meaning of National Instrument 51-201 Disclosure Standards, are reported in a manner that fully meets regulatory requirements;
- T. Review and recommend for Board approval any annual and/or interim reports of Capstone's governance practices. This report shall include adequate detail to meet or exceed any regulatory or legal governance disclosure requirements, in addition to any additional disclosure the Board deems important. Disclosure should include, but not be limited to the items in the governance disclosure checklist in the appendix to these Terms of Reference. The GNS Committee shall communicate with other Board committees as necessary regarding disclosure of items under their respective terms of reference;
- U. Implement and oversee measures for security holders to contact the independent directors, and ensure these measures are communicated to shareholders;
- V. Review independence, interlocking Board, multiple Board memberships and multiple appointments to Audit Committees of directors and recommend for approval to the Board if required pursuant to Board policies;

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W. Review any potential conflicts of interest involving a director for the purpose of determining independence and whether such conflict limits or impairs the role of the director.

***Sustainability***

Subject to the powers and duties of the Board, the GNS Committee will:

- X. Provide oversight and direction on Capstone’s ESG Strategy;
- Y. Ensure that Capstone’s ESG Strategy and other relevant ESG objectives are integrated into Capstone’s long-term strategic plan;
- Z. Review quarterly the Company’s ESG performance and progress toward ESG objectives;
- AA. Provide oversight of ESG disclosures, including annual sustainability reporting;
- BB. Review and monitor the effectiveness of corporate policies, procedures and practices with respect to ESG;
- CC. Monitor significant developments in regulations, trends and evolving industry best practices with respect to ESG;
- DD. 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; and
- EE. Assist the Board in ESG oversight as outlined in the Terms of Reference for Board Oversight of Environmental, Social and Governance
- FF. 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 an appropriate Board Committee.
- GG. Ensure that the Board has the necessary expertise and skills to oversee ESG risks and opportunities.
- HH. Ensure Directors and Senior Management’s have up-to-date knowledge related to ESG risks and opportunities.

**4. RESPONSIBILITIES OF THE COMMITTEE CHAIR**

The fundamental responsibility of the GNS Committee Chair is to be responsible for the management and effective performance of the GNS Committee and provide leadership to the

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GNS Committee in fulfilling its mandate and any other matters delegated to it by the Board. To that end, the Committee Chair's responsibilities shall include:

- A. Working with the Chair of the Board, the Lead Director (if any), the Chief Executive Officer and the Secretary to establish the frequency of the GNS Committee meetings;
- B. Providing leadership to the GNS Committee and presiding over GNS Committee meetings;
- C. Facilitating the flow of information to and from the GNS Committee and fostering an environment in which GNS Committee members may ask questions and express their viewpoints;
- D. Reporting to the Board with respect to the significant activities of the GNS Committee and any recommendations of the GNS Committee;
- E. Leading the GNS Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate; and
- F. Taking such other steps as are reasonably required to ensure that the GNS Committee carries out its mandate.

## **5. AUTHORITY**

The GNS Committee shall have access to such officers and employees and to such information respecting Capstone, and may engage independent consultants and advisors at the expense of Capstone, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

## **6. ACCOUNTABILITY**

The GNS Committee chair has the responsibility to make periodic reports to the Board, as requested, on corporate governance matters. The GNS Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing a report at the next Board meeting.

## **7. MEETINGS**

Meetings of the GNS Committee shall be conducted as follows:

- A. The GNS Committee shall meet at least two times annually at such times and at such locations as may be requested by the Chair of the GNS Committee.
- B. Agendas for meetings of the GNS Committee shall be developed by the Chair of the Committee in consultation with management and the Corporate Secretary, and should be circulated to GNS Committee members one week prior to Committee meetings.
- C. A member of the Committee may be designated as the liaison member to report on the deliberations of the GNS Committee to the Board.

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D. All regular meetings shall include an in-camera session of independent directors without management present.

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## 8. ANNUAL BOARD APPRAISAL PROCESS

<u>Step</u>	<u>Date</u>	<u>Description</u>
1.		<ul style="list-style-type: none"><li>a) Review skills matrix and determine long term Board requirements and retirements</li><li>b) Review Board and committee questionnaire and amend or append as needed</li><li>c) Discuss appropriate form of individual director evaluations: paper and/or personal interviews by the Board Chair</li><li>d) Establish methodology for appraising the performance of the Board Chair</li></ul>
2.		Send out board/committee questionnaire and initiate the individual director evaluation process
3.		Initiate Peer to Peer review with the Board Chair
4.		Review the questionnaire and interview results
5.		Report conclusions of the review to the Board
6.		Initiate actions to improve Board, committee and individual performance.

## 9. COMMITTEE WORK PLAN TIMETABLE

The timetable on the following pages outlines the GNS Committee's schedule of activities during the year.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
A. Review Board's relationship with management		✓										
B. Recommend to Board essential and desired experiences and skills for potential directors		✓										
C. Review process for director nominees recommended by security-holders		✓										
D. Recommend director nominees to Board		✓										
E. Review corporate governance practices										✓		
F. Ensure responsibilities of the Board are well understood by both the Board and management	Ongoing											
G. Review and report to the Board on risks related to Board structure, membership and corporate governance compliance	Ongoing											
H. Review Board Manual		✓										
I. Assess Board's needs for frequency and location of Board and committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings and recommend to Board		✓										
J. Recommend committee members and chairs and the performance and suitability of committees to Board		✓										
K. Review and monitor director orientation and education and recommend to Board		✓										
L. Review directors' and officers' third party liability insurance		✓										
M. Review position descriptions i) Lead Director ii) Chair of the Board iii) Audit Committee Chair iv) HR&C Committee Chair v) GNS Committee Chair vi) TOP Committee Chair vii) CEO viii) CFO ix) President & COO										✓		



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
N. Review guidelines and policies relating to corporate governance matters <b>Board Level</b> i) Director Orientation and Education Guideline ii) Director Succession Planning & Recruitment Process Guideline iii) Corporate Governance Guideline iv) Subsidiary Governance Policy v) Majority Voting Policy vi) Anti-Bribery Policy vii) Disclosure and Confidentiality Policy viii) Insider Trading Policy ix) Diversity and Inclusion Policy x) Oversight of Code of Conduct Framework <b>CEO Level</b> xi) Whistleblower Policy xii) Corporate Records Retention Policy <b>Shareholder Level</b> xiii) Advance Notice Policy										✓		
O. Review Committee Terms of Reference and Work Plan										✓		
P. Review Board of Directors Terms of Reference										✓		
Q. Review Board's Terms of Reference for Board Oversight of Enterprise Risk Management										✓		
R. Review Board's Terms of Reference for Board Oversight of ESG										✓		
S. Review Board's needs for formal Board, committee and individual director evaluation processes; develop and implement appropriate processes										✓		
T. Conduct annual Board assessments (Board Effectiveness Assessment & Skills Assessment)											✓	
U. Report to the Board on annual Board assessments		✓										
V. Peer to Peer Evaluations	✓	✓										
W. Review and approve any director request for independent counsel	As Needed											
X. Code of Conduct and Ethical Values Policy: i) Review and update Code periodically and ensure management has system to enforce Code		✓										
ii) Review actions taken to ensure compliance and results of confirmations and violations		✓										
iii) Ensure the Code, any revisions and any waivers granted by Board are disclosed		✓										

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
iv) Ensure that any departures from Code are reported in a manner that fully meets regulatory requirements		✓										
Y. Develop report to meet or exceed regulatory or legal governance disclosure requirements and communicate with other Board committees regarding disclosure of items under their mandates										✓		
Z. Implement and oversee measures for shareholders to contact independent directors, and ensure these measures are disclosed		✓										
AA. Review independence, interlocking Board, multiple Board memberships and multiple appointments to Audit Committees of directors and recommend for approval to the Board if required pursuant to Board policies		✓										
BB. Review potential conflicts of interest involving a director	As Needed											

**APPENDIX:**
**Mandatory Governance Disclosure Checklist Under CSA NI 58-101 and TSX Company Manual**

Item	CSA	TSX
Disclose a statement of any significant ways in which Capstone's governance practices differ from TSX companies on the Capstone web site.		✓
Disclose the identity of each director and whether each director is independent or not independent; and describe the basis for that determination.	✓	
Disclose whether or not a majority of directors are independent/unrelated. If not, describe what the board does to facilitate its exercise of independent judgement in carrying out its responsibilities.	✓	
If a director is presently a director of any other reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	✓	
Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent director and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the most recently completed financial year.	✓	
If the independent directors do not hold regularly scheduled meetings at which members of management are not in attendance, describe what the board does to facilitate open and candid discussion among its independent directors.	✓	
Disclose whether or not the Board chair is independent. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	✓	
Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	✓	
Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	✓	
Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.	✓	
Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary for them to meet their obligations.	✓	
Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.	✓	
Disclose whether or not Capstone has adopted a written code of ethical business conduct for the directors, officers and employees.	✓	
If Capstone has adopted a written code of ethical business conduct for its directors, officers and employees: (i) disclose how a person or company may obtain a copy of the written code;	✓	

Item	CSA	TSX
(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code;	✓	
(iii) provide a cross-reference to any material change report filed since the beginning of the most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	✓	
Describe any other (besides the Code of Ethics) steps the board takes to encourage and promote a culture of ethical business conduct.	✓	
Disclose whether or not the board has a nominating committee composed entirely of independent directors.	✓	
If the board does not have an independent nominating committee, describe why the board believes this appropriate, what steps the board takes to encourage an objective nomination process and identify the directors who participate in the consideration of director nominees.	✓	
If the board has a nominating committee, describe its responsibilities, powers and operation.	✓	
Describe the process by which the board identifies new candidates for board nomination.	✓	
Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	✓	
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	✓	
Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees and its individual directors are performing effectively.	✓	
If board, committee and director assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees and its directors are performing effectively.	✓	
Disclose director attendance records at Board meetings.	✓	