



**5N PLUS**

**5N Plus Inc.  
Governance and Compensation  
Committee Charter**

Amended November 2, 2021



## OBJECTIVES

The Board of Directors (the “**Board**”) of 5N Plus Inc. (the “**Company**”) has established a Governance and Compensation Committee (the “**Committee**”) to assist the Board in fulfilling its oversight responsibilities regarding:

- the effectiveness of the Company’s corporate governance policies and procedures;
- reviewing the overall size, composition, independence and effectiveness of the Board;
- recommending to the Board candidates for election and/or re-election to the Board and its committees;
- developing processes for evaluating the required skills and experience of potential directors;
- providing a framework for evaluating the performance of the Board, the committees and the individual members of the Board, including the Chair;
- overseeing orientation program for new directors;
- overseeing, maintaining and monitoring compliance with the Company’s Code of Business Conduct;
- approving public disclosures and regulatory filings in relation to the Company’s corporate governance practices and directors’ compensation;
- helping to maintain an effective working relationship between the Board and management;
- reviewing and making recommendations to the Board for the appointment of senior executives of the Company including the Chief Executive Officer (the “**CEO**”) and for determining their terms of employment;
- reviewing succession planning and matters of compensation as well as such other matters the Committee may consider suitable with respect to compensation or as may be specifically directed by the Board of the Company from time to time; and
- review and make recommendations on shareholder proposals to the Board or refer them to the Chairman of the Board as appropriate; and
- performing such additional duties as may be delegated to the Committee by the Board from time to time.

## COMPOSITION

Following each annual meeting of shareholders, the Board shall appoint a minimum of three independent directors (as defined by NI 52-110), including the chair of the Committee (the “**Chair of the Committee**”) to be members of the Committee. The Board, upon the recommendation of the Committee, will appoint and remove the members of the Committee by a majority vote.

Any member may be removed and replaced at any time by the Board and will automatically cease to be a member as soon as the member ceases to be a director.

## CHAIR OF THE COMMITTEE

At the first meeting of the Board following the annual meeting of shareholders, the Board, upon recommendation of the Committee, will appoint one member of the Committee to serve as Chair of the Committee.



## MEETINGS

The Committee will meet at least twice annually and otherwise as necessary. The Governance Committee has authority to convene additional meetings, as circumstances require.

Meetings of the Committee shall be called by the Chair of the Committee and held at such place as any member of the Committee shall determine. The Committee may meet by telephone conference or by any other means permitted by law or the Company's by-laws.

Notice of each meeting shall be given to each member, to the Chairman of the Board, to the CEO and to the Corporate Secretary of the Company.

The Chair of the Board and the CEO shall be entitled to request that the Chair of the Committee call a meeting.

The Chair of the Committee shall approve the agenda for the meetings and ensure the supporting materials are properly prepared and circulated to members with sufficient time.

All directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.

The Committee may meet in-camera session, without management present, including management directors, whenever the Committee determines that it is appropriate to do so.

The quorum necessary for the transaction of business at Committee meetings shall be not less than three members of the Committee from time to time. A quorum once established is maintained even if members of the Committee leave the meeting prior to conclusion. Subject to the foregoing requirement, unless otherwise determined by the Board, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.

If the Chair of the Committee is absent from a meeting, the members shall select a chairperson from those in attendance to act as chair of the meeting.

The Chair of the Committee (or, in the absence of the Chair, the acting Chair) shall appoint a person to act as secretary of the meetings. Minutes of the Committee meetings shall be recorded and maintained by the Corporate Secretary, or any other person acting in such capacity, and subsequently presented to the Governance Committee members for approval.

The Committee shall have the authority to retain consultants as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee at the Company's expense.

The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee's meetings, regardless of whether the director is a member of the Committee.

## BOARD CANDIDATES AND NOMINEES

The Committee will review and recommend to the Board for approval:

- appropriate qualification criteria and establish procedures for evaluating the suitability of potential director nominees, such as knowledge, experience, skills, expertise and diversity so as to enhance the Board's ability to manage and direct the affairs and business of the Company;
- consider the number of other public company boards on which director candidates and nominees sit in determining eligibility for election;
- potential nominees proposed by management, shareholders or others.
- the nominees for election as directors of the Company at its annual meetings of shareholders;
- candidates to fill any vacancy occurring in the Board or committees between annual meetings of shareholders;
- appropriate qualification criteria for evaluating the suitability for continued service as a director of each Board members, such as independence, financial expertise, accounting or related financial experience and financial literacy, as those terms are defined under applicable securities laws and recommend any changes; and

## BOARD COMPOSITION AND COMMITTEES

The Committee will review and recommend to the Board for approval:

- the appropriate structure, size, composition, independence, mandate and members for the Board and committees of the Board, and any necessary changes;
- any submission by a director wishing to be appointed to any third party's board of directors, prior to his/her acceptance;
- any change in the principal occupation of a Board member as such change may affect such Board member's eligibility to remain on the Board.
- the functioning of the committees of the Board and to make recommendations for any changes, including the creation and elimination of committees;
- candidates for appointment of the chair of the Board and other committees;
- the removal of a director in exceptional circumstances, for example (a) such director is in a position of conflict of interest or (b) the criteria underlying the appointment of such director change;
- director tenure limits; and
- the adequacy of each charter of the Board and committees and recommend any suggested amendments.

### **BOARD COMPENSATION**

The Committee will annually review both the amount and components of the compensation package for independent directors and for the chairpersons, including adequacy and form of compensation realistically reflecting the responsibilities and risks of the positions and recommend changes where applicable.

### **ORIENTATION AND CONTINUING EDUCATION OF DIRECTORS**

The Committee will develop and review, together with the Board, an orientation and education program for new directors and review from time to time the value and benefit of such program, and ascertain and make available to its members, when required, continuing education as per the business and operations of the Company.

### **EVALUATION OF THE BOARD**

From time to time, the Committee will assess the effectiveness of the Board as a whole, the committees of the Board, the contribution of individual directors on an ongoing basis and establish in light of this, changes in its membership, charter or procedures.

### **CORPORATE GOVERNANCE**

The Committee is responsible for monitoring corporate governance developments, best practices for corporate governance and furthering the effectiveness of the Company's corporate governance practices.

The Committee will:

- develop, review and recommend at least annually to the Board a set of corporate governance guidelines in accordance with applicable laws, regulations and review of best practices;
- advise the Board on the disclosure to be contained in the Company's public disclosure documents, such as the Company's annual management proxy circular or annual report, on matters of corporate governance as required by the Toronto Stock Exchange or any other applicable exchange or regulator;
- review proposed amendments to the Company's by-laws before making recommendations to the Board; and
- generally, advise the Board on all other matters of corporate governance.

### **SUCCESSION PLANNING**

The Committee will review at least annually, with the Board and the CEO, the succession plan for the Chair of the Board, the CEO and other key members of senior Management, including potential talent to act in the event of the unexpected incapacity of CEO, and make recommendations to the Board with respect to the selection of the individuals to occupy these positions.



## ETHICS

The Committee will:

- discuss with management the Company's policies and procedures to ensure an effective compliance and ethics program, including the Company's Code of Business Conduct;
- review annually, the Company's Code of Business Conduct and its underlying policies, and provide recommendations to the Board for approval and/or material changes thereto;
- monitor adherence to the Code of Business Conduct, review and report to the Board any potential breach, complaint or correspondence related to the Company's Code of Business Conduct; and
- not permit any waiver of any ethics policy with respect to any directors, executive officers or employees.

## RISK MANAGEMENT

The Committee will review and recommend to the Board:

- the identification and management of risks associated with the Company's compensation policies and practices;
- any employment and termination arrangements for executive officers;
- any significant organizational changes; and
- any special employment contracts or arrangements with executive officers of the Company including any contracts relating to change of control.

## COMPENSATION STRATEGY

The Committee will review the Company's overall compensation philosophy and strategy to ensure that compensation policies and practices followed by the Company are designed to recognize and reward performance and establish a compensation framework which is industry competitive.

## COMPENSATION DISCLOSURE

The Committee will conduct an annual review and approval of the compensation discussion and analysis to be included in the Company's management proxy circular and similar disclosure documents as required by the law.

## COMMITTEE COMPENSATION

Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may determine from time to time.



## EXTERNAL AND INTERNAL RESOURCES

The Chair of the Committee shall review whether it is opportune for the Board or individual directors to retain external advisors at the expense of the Company in certain appropriate circumstances in carrying out their responsibilities.

The Committee will:

- retain independent external advisors as it may deem necessary and advisable for its purposes;
- report to the Board on its proceedings, reviews undertaken, and any associated recommendations;
- have adequate resources to discharge its responsibilities; and
- have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.

## EXECUTIVE OFFICERS

From time to time, the Governance Committee will review and assess the quality of the relationship between senior management and the Board and may recommend changes as deemed necessary or desirable.

The Committee will oversee the design, implementation and administration of any executive short-term and long-term incentive plans and such other compensation plans to be adopted by the Company from time to time and make recommendations to the Board.

The Committee will review and recommend to the Board:

- the appointment of the CEO, all members of executive management and any other appointed officers of the Company;
- written position description for the role of the CEO;
- management development programs for executives; and
- the corporate goals and objectives that the CEO and other executive officers are responsible for meeting, relevant to their compensation, and reviewing the performance of these individuals against such corporate goals and objectives.

## SHAREHOLDER PROPOSALS

Review and make recommendations on shareholder proposals to the Board or refer them to the Chairman of the Board as appropriate.

## OTHER

The Committee shall perform such other duties as may from time to time be assigned to it by the Board including those relating to compensation of officers and senior employees and the manpower resources of the Company.

## REVIEW OF CHARTER OF THE COMMITTEE

The Committee will review the adequacy of this charter on an annual basis and report any recommendations for change to the Board.