



5N PLUS

**5N Plus Inc.
Corporate Governance Guidelines**

April 2022



INTRODUCTION

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “**Board**”) of 5N Plus Inc. (“**5N Plus**” or the “**Company**”) to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines shall be reviewed by the Board, through the Governance and Compensation Committee (the “**Governance Committee**”), on an annual basis and are subject to modification from time to time by the Board acting by a majority of the independent directors as determined under these Guidelines.

1. BOARD RESPONSIBILITIES

The Board has responsibility for the stewardship of the Company and has adopted a formal charter setting out the Board’s stewardship responsibilities, including the Board’s responsibilities for overseeing integrity and ethics, the appointment of the Chief Executive Officer (the “**CEO**”), management of the Board, strategic and succession planning, monitoring corporate and financial performance, financial reporting, risk management and oversight of the Corporation’s policies and procedures, communications, reporting and compliance with laws.

Directors are expected to spend the time and effort necessary to properly discharge their responsibilities. Accordingly, a director is expected to attend all Board and committee meetings in person, and to review prior to meetings material distributed in advance for such meetings. It is acceptable, on an infrequent basis, for directors to participate in such meetings by conference call if attendance in person is not possible. A director who is unable to attend a Board or committee meeting is expected to notify the Chair of the Board and the Secretary of the Company. All directors are expected to attend the Company’s Annual Meeting of Shareholders.

2. BOARD ORGANIZATION

Selection of the Chair of the Board

The Board has determined to separate the positions of Chair of the Board and CEO. The Chair of the Board must be an independent director and shall be appointed by the Board based on the recommendation of the Governance Committee. The Board has approved and shall periodically review a position description for the Chair of the Board.

Size of the Board

The articles of the Company provide that the Board shall consist a maximum of 15 directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board is reassessed by the Governance Committee to determine if a different number would be more effective and will recommend changes to the Board when appropriate.

Independence of the Board

The Board is comprised of a substantial majority of independent directors who qualify as independent directors. The Board will refer to the applicable legal requirements and the rules of any stock exchange on which the Company's securities are listed to determine whether a director is independent or not.

The Governance Committee annually assesses the independence of each director and individual nominated for election to the Board and makes recommendations to the Board as to his or her independence. Directors have an on-going obligation to inform the Board of any material changes in their circumstances or relationships that may affect the Board's determination as to their independence and, depending on the nature of the change, a director may be asked to resign as a result.

Lead Director Concept

At any time when the Chair of the Board is not an independent director, the independent directors will select an independent director to carry out the functions of a lead director. This person would chair regular meetings of the independent directors and assume other responsibilities provided for in a position description approved by the Board and reviewed from time to time.

Board Membership Criteria

The Governance Committee is mandated to review the composition and contribution of the Board and its members and to recommend Board nominees to the Board. Nominees for directors are selected on the basis of, among other things, broad perspective, integrity, independence of judgment, experience, expertise, diversity, ability to make independent analytical inquiries, understanding of the Company's business environment and willingness to devote adequate time and effort to Board responsibilities.

In addition to the nominees proposed by the Board, shareholders may propose individuals to be nominated for election as directors in accordance with applicable law and by submitting the names and supporting information regarding such nominees to the Company's Corporate Secretary.

Serving on Multiple Boards

The Company does not have a policy limiting the number of other company boards of directors upon which a director may sit. The Company values the experience and perspective that directors bring from their service on other boards, but also recognizes that other board memberships and activities may also limit a director's time and availability and may present conflicts of interest or legal issues, including independence issues.

As a general rule, independent directors of the Company may serve as a director on a maximum of four public company boards (including the Company's Board). The CEO shall obtain the approval of the Chair of Governance Committee before accepting an invitation to serve on the board of any other public company. Furthermore, no director shall serve as a director, officer or employee of the Company's competitor.

Directors are expected to advise the Chair of the Board and the Chair of the Governance Committee in advance of accepting any other directorship of any other company, whether private or public. Should it be the Chair of the Governance Committee who wishes to join any other board of directors, then such request shall be first made with the Chair of the Board.

Primary Employment Status Change

Any independent director who makes a major change in his or her primary employment status after election to the Board shall inform the Chair of the Governance Committee. The Governance Committee will review with the Board the effects of this change upon the interests of the Company and recommend to the Board if the director's resignation is required. When the CEO or any other officer ceases to be an officer, such officer, if a director, shall submit his or her resignation to the Board. Whether that resignation is accepted shall be determined by the Board, taking into account the circumstances existing at that time.

Retirement Age and Term Limits

The Company's bylaws state that directors will not stand for re-election after reaching the age of 75 years.

The Company has not adopted term limits for the directors on its Board. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

As an alternative to term limits, the Governance Committee, in conjunction with the Chair of the Board, will formally annually review each director's continuation on the Board.

Board Compensation

The Governance Committee annually reviews both the amount and components of the compensation package for independent directors and for the chairpersons. The Governance Committee is mandated to review and recommend to the Board for approval the remuneration of directors. The Governance Committee considers time commitment, comparative fees and responsibilities in determining remuneration.

Majority Voting for Directors

The Board has adopted a Majority Voting Policy which requires that in an uncontested election of directors of the Company, any nominee who receives a greater number of votes “withheld” from his or her election than votes “for” such election, promptly tender his or her resignation to the Chair of the Board to be effective upon acceptance by the Board.

The Governance Committee will review the circumstances of the election and make a recommendation to the Board as to whether or not to accept the tendered resignation as soon as reasonably possible and in any event within 90 days of the election. The nominee in question may not participate in any of the Board or Committee votes concerning his or her resignation.

Subject to any corporate law restrictions, if a resignation is accepted, the Board may leave the vacancy in the Board unfilled until the next annual meeting of shareholders, fill the vacancy by appointing a new director whom the Board considers to merit the confidence of shareholders, or call a special meeting of shareholders to consider new board nominee to fill the vacant position.

In the Majority Voting Policy an “uncontested election” shall mean an election in which the number of nominees for election as director shall be equal to the number of directors to be elected.

Review and Selection of New Director Candidates

When the Board determines that new candidates for board nomination are advisable, it approves an outline of the skills and background which are desired in a new candidate. Board members or management have an opportunity to suggest candidates for consideration. Prospective candidates are interviewed by the Chair of the Board and other Board members on an ad hoc basis. An invitation to join the Board is then extended only after the Board had reached a consensus on the appropriateness of the candidates.

In addition, a review of potential board candidates includes an assessment of independence under Canadian securities legislation and applicable stock exchange rules.

Diversity

The Board of Directors recognizes the benefits that diversity brings to a board of directors. The Board of Directors believes that a board comprised of women and men representing diverse points of view, having regard to ethnicity, gender, age, national origin, Aboriginal status, disability, sexual orientation, cultural background, business experience, professional expertise, personal skills and geographic background, can add greater value than a board comprised of directors with similar perspectives and insights. In particular, the Board of Directors regards the involvement of women, Indigenous peoples, persons with disabilities and members of visible minorities (collectively, “Designated Groups”) and their experience and input as constructive to successful decision-making and stewardship.

The Board of Directors has adopted a target of 30% of individuals from Designated Groups on the Board of Directors by 2025.

The Corporation has not adopted a written policy with respect to the representation of Designated Groups on the Board of Directors, though we consider diversity of race, ethnicity, gender, age, cultural background and professional experience in evaluating candidates for board membership. The Board of Directors does not foresee the adoption of such a policy in the near future, as it will require time to properly assess its objectives, targets and capabilities in order to identify and attract qualified candidates from Designated Groups to serve on the Board of Directors.

Board Orientation and Continuing Education

The Board considers that orienting and educating new directors is an important element of ensuring responsible governance. New directors are provided with an orientation and education program that includes written information about the duties and obligations of directors, the business and operations of the Company, documents from recent board meetings, and opportunities for meetings and discussion with senior management and other directors.

Each director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director. The Board also relies on professional assistance when judged necessary.

Board Evaluation

From time to time, the Governance Committee will sponsor an assessment of the overall performance and effectiveness of the Board, the committees, the chairpersons and directors, the results of which will be discussed with the full Board and each committee. The assessment will include a review of any areas in which the Board or senior management believes the Board can make a better contribution to the Company. The Governance Committee will also utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

Share Ownership by Directors

The Board adopted a policy, (the “Minimum Share Ownership Policy”), intended to encourage independent directors to hold common shares or equity-based awards such as Deferred Share units (“DSUs”) of the Company for an amount equivalent to three times the annual retainer received as a director. Directors have a period of three years from the date of their appointment as a director or from the date of an increase in the annual retainer paid to directors to comply with the policy.

3. BOARD OF MEETINGS

Frequency of Meetings

The Board will meet as often as the Board considers appropriate to fulfill its duties, but in any event at least five times per year.

Selection of Agenda Items for Board Meetings

The Chairman of the Board is responsible for setting the agenda for the Board meetings. Board members are invited to suggest inclusion of items on the agenda and are free to raise, at any Board meeting, subjects that are not specifically on the agenda.

Meeting Material Distributed in Advance

Meeting materials shall be provided to directors before each Board and Committee meeting in sufficient time for review, ideally one week prior to meeting. The directors are expected to review such material prior to the meeting. In the event of a pressing need for the Board to meet on short notice or on occasions where the subject matter is too sensitive to be put on paper, certain proposals will be discussed at the meeting.

Attendance of Non-Directors at Board Meetings

Senior executives other than the CEO may be invited to attend Board or Committee meetings at the invitation of the Chair of the Board even though they are not members of the Board. Non-directors are excused for any agenda items that are reserved for discussion among directors only.

In-Camera Sessions of Independent Directors

The Board has determined that directors should have the opportunity to meet *in-camera* in conjunction with every regularly scheduled meeting of the Board or Committees to discuss matters of interest independent of management.

Board Interaction with Interested Parties

The Board believes that management generally should speak for the Company. Shareholders or other interested parties may communicate with the non-management directors regarding the Company by providing such communication in writing to the Corporate Secretary at:

5N Plus Inc.
Corporate Secretary
4385 Garand Street
Montreal, Quebec
H4R 2B4

4. COMMITTEES MATTERS

Number and Names of Board Committees

The Board has two Board committees: (i) the Audit and Risk Management Committee (the “**Audit Committee**”) and (ii) the Governance and Compensation Committee (the “**Governance Committee**”). Each committee shall operate according to a written charter outlining its duties and responsibilities approved by the Board. The Board may, from time to time, establish and maintain additional or different committees as it deems necessary or appropriate.

Independence of Board Committees

Each the Audit Committee and the Governance Committee shall be composed entirely of independent directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee. In addition, all members of the Audit Committee shall be financially literate as required by National Instrument 52-110 - Audit Committees.

Assignment of Board Committee Members

The Governance Committee is responsible, after consultation with the Chair of the Board, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Governance Committee's recommendations, the Board is responsible for appointing the Chair and members to the committees on an annual basis.

Committee Meetings

The chair of each committee of the Board, in consultation with the committee members will determine the agenda, frequency, and length of the meetings, provided however, that the committees will meet at least as often as set out in each committee mandate. Committee members are invited to suggest inclusion of items on the agenda and are free to raise, at any committee meeting, subjects that are not specifically on the agenda. Each committee chair reports to the Board on the results of each meeting.

5. LEADERSHIP DEVELOPMENT

Board Relationship with Management

The Board has complete access to the Company's senior management and other employees. Access shall be coordinated through the CEO or the Corporate Secretary. 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.

Selection of the CEO

The Governance Committee is responsible for identifying potential candidates for and nominating the CEO for appointment by the Board. In identifying potential candidates for, and selecting, the CEO, the Governance Committee shall consider, among other things, a candidate's integrity, experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, and reputation in the business community.

Evaluation of the CEO

The Governance Committee shall conduct an annual review of the performance of the CEO against goals and objectives established by the Governance Committee and shall review, assess and recommend the compensation of the CEO to the Board for approval. The results of the annual review are presented to the CEO by the Chair of the Board and the Chair of the Governance Committee.

Succession Planning

The Board believes that succession planning is key to the ongoing process that contributes substantially to the Company's success. The CEO provides a detailed annual report to the Governance Committee and a summary presentation to the Board. The Company has a succession plan for the CEO and other key members of senior Management, including potential talent to act in the event of the unexpected incapacity of the CEO. The Governance Committee has been delegated the responsibility to monitor, review with management and make recommendations related to the Company's succession planning and reports on these matters to the Board.

6. RISKS MANAGEMENT

The Board is responsible for understanding the principal risks associated with the Company's business on an ongoing basis and for ensuring that management has implemented appropriate strategies to manage these risks. It is the responsibility of management to assure that the Board and its committees are kept well informed of these changing risks on a timely basis.

It is important that the Board understands and supports the key risk decisions of management, which includes comprehending the appropriate balance between risks and benefits. The Audit Committee has been delegated the responsibility to monitor, review with management and make recommendations related to the Company's programs and policies which relate to management of the key risks of the Company and reports on these matters to the Board.

7. INTERNAL CONTROLS AND MANAGEMENT INFORMATION SYSTEM

The Board has delegated to the Audit Committee the responsibility for the oversight of internal control procedures, to determine their effectiveness, and to monitor compliance with the Company's policies. The Audit Committee reports on these matters to the Board. The Audit Committee requires management to implement and maintain appropriate systems of internal controls and meets with the Company's external auditor and internal auditor, and with management, on at least a quarterly basis to oversee the effectiveness of these systems.

8. ETHICS AND CONFLICT OF INTEREST

The Board has adopted a Code of Business Conduct (the "**Code**"). The Board expects all directors, officers and employees of the Company, to conduct themselves in accordance with the highest ethical standards and to adhere to the Code. The Board shall not permit any waiver of any ethics policy with respect to any director, executive officers or employees. The Board requires all directors, officers and employees to certify annually their compliance with the Code.

Each director is required to inform the Board of any potential or actual conflict of interest he or she may have with the Company. 5N Plus' policies on conflicts of interest are reflected in the Code, these guidelines and supplemental guidance provided to the Board. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the Chair of the Board and the Chair of the Governance Committee. The director must not receive or review any materials related to the conflict subject area, nor may the director attend any part of a meeting during which the matter is discussed or participate in any vote on the matter, except where the Board or the applicable committee has expressly determined that it is appropriate for him or her to do so. If a significant conflict exists and cannot be resolved, the director shall resign.

Confidentiality

Pursuant to the Code, directors should maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company that comes to them, from whatever source, in their capacity as a director, except when disclosure is authorized or legally mandated.

9. DISCLOSURE POLICY

The Company is committed to providing timely, accurate, and balanced disclosure of material information, consistent with legal and regulatory requirements, while maintaining confidentiality where necessary and permitted. The Board, or the appropriate committee thereof, reviews the content of the Company's major communications to shareholders and the investing public, including the quarterly and annual reports, press releases, and approves the management proxy circular, the annual information form and any prospectuses that may be issued.

The Board will consider and review the means by which shareholders can communicate, including by email at conseil.administration@5nplus.com or through the Company's website.



10. ADVISORS

In carrying out its duties, the Board and each Committee (in respect of that Committee's duties) may, from time to time, retain an outside advisor at the Company's expense and determine the advisor's fees and other retention terms. Those advisors may include counsel, auditors, and other professionals, as appropriate.

11. POLICIES AND CORPORATE GOVERNANCE GUIDELINES

The Governance Committee of the Board shall review these Corporate Governance Guidelines periodically and submit any recommended changes to the Board for approval. Copies of the current version of these Corporate Governance Guidelines, the Company's Code and the charter of the Board and each committee of the Board shall be posted on the Company's website.