



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

### 1. PURPOSE

The purpose of the Terms of Reference is to ensure sufficient oversight of Capstone Mining Corp.’s (“Capstone”) ESG strategy, ESG risks that can affect Capstone’s long-term strategy and performance, and ESG disclosure 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 such as 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 and controls implemented by Senior Management with respect to Capstone’s ESG Strategy and providing guidance (when necessary) to Senior Management on Capstone’s ESG Strategy, risks and opportunities.

The Board is responsible for oversight of the following matters:

#### ESG Strategy and Business Strategy

- a) Oversee the design, implementation and effectiveness of Capstone’s ESG Strategy;
- b) Ensure that Capstone’s ESG Strategy is integrated with Capstone’s long-term strategic plan;

#### Stakeholder Engagement

- c) 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;
- d) Ensure that Capstone’s ESG disclosures and activities align with stakeholders’ interests;
- e) Ensure stakeholders are provided with complete and transparent information through public disclosures; and

#### Enterprise Risk Management

- f) Ensure that Capstone’s ESG risks identified are incorporated into Capstone’s Enterprise Risk Management and the oversight of each risk has been allocated to the Board or appropriate Board Committee.



The Board may delegate specific areas of its ESG oversight responsibilities to its four Board 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 assurance</li> <li>• ESG risks specific to the Audit Committee</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>
Corporate Governance & Nominating 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</li> <li>• ESG risks specific to the Corporate Governance &amp; Nominating Committee</li> </ul>
Technical, Health, Safety & Sustainability Committee	<ul style="list-style-type: none"> <li>• Reporting – ensure accurate and measurable technical data and performance</li> <li>• ESG risks specific to the Technical, Health, Safety &amp; Sustainability Committee</li> </ul>

#### 4. INFORMATION ADEQUACY

Information must be provided to the Board in a timely manner and in a format that the Board can interpret and utilize to accurately address the ESG risks, opportunities, performance and progress towards goals.



## **5. TRAINING**

The Board encourages continuous ESG training, as appropriate, at both the Board and Senior Management level, as well as throughout the organization.

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

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