



# ENVIRONMENTAL, SOCIAL, GOVERNANCE AND NOMINATING COMMITTEE CHARTER

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## I. PURPOSE

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The Environmental, Social, Governance and Nominating Committee (the “**ESGN Committee**”) – of Star Royalties Ltd. (the “**Corporation**”) is responsible for: (a) developing the Corporation’s approach to governance issues and the Corporation’s response to the corporate governance guidelines; (b) subject to any investor rights agreement or similar agreements which may exist from time to time between the Corporation and certain shareholders (the “**Investor Agreements**”), reviewing the composition and contribution of the Board of Directors (the “**Board**”) and its members and recommending Board nominees; (c) overseeing the orientation program for new directors; and (d) helping to maintain an effective working relationship between the Board and management.

The ESGN Committee also assists the Compensation committee in its oversight responsibilities relating to the nomination, objectives, evaluation and succession of the executive officers of the Corporation including the Chief Executive Officer (the “**CEO**”), the Chief Financial Officer (the “**CFO**”) and the Chief Investment Officer (the “**CIO**”, and together with the CEO and CFO, the “**Executive Officers**”).

In addition, the ESGN Committee is responsible for periodically reviewing the Corporation’s policies with regards to matters relating to disclosure (based on recommendations received from Disclosure Committee), trading of securities, governance, ethics, the environment, and health and safety and taking steps to resolve issues of compliance with respect to Board members and Executive Officers.

## II. REPORTING

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The ESGN Committee will report to the Board.

## III. COMPOSITION OF COMMITTEE

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The ESGN Committee shall consist of such number of directors, in no event to be less than three, as the Board may from time to time by resolution determine. A majority of the members of the ESGN Committee shall be independent within the meaning of National Instrument 58-101 – *Corporate Governance* of the Canadian Securities Administrators, and under other applicable laws, rules and regulations and listing requirements as determined by the Board. Each member of the ESGN Committee shall continue to be a member until next annual meeting of the shareholders of the Corporation or a successor is appointed, unless the member resigns, is removed or ceases to be a director of the Corporation. The Board may fill a vacancy that occurs in the ESGN Committee at any time.

## IV. CHAIR AND SECRETARY

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The Chair of the ESGN Committee shall be designated by the Board. The ESGN Committee Chair leads the ESGN Committee in all aspects of its work and is responsible to effectively manage the affairs of the ESGN Committee and ensure that it is properly organized and functions efficiently.

In addition to the responsibilities set forth in the Position Description of the Committee Chair adopted by the Board, which may be amended from time to time, the ESGN Committee Chair shall:

- A. Provide leadership to enable the ESGN Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this Charter and as otherwise may be appropriate;
- B. In consultation with the Board Chair, the Lead Director, and the CEO, ensure that there is an effective relationship between management and the members of the ESGN Committee;
- C. Chair meetings of the ESGN Committee;
- D. In consultation with the Board Chair, the Lead Director, the Corporate Secretary and the Executive Officers, determine the frequency, dates and locations of meetings of the ESGN Committee;
- E. In consultation with the Executive Officers and any person designated by the CEO as responsible for the Corporation's human resources, review the annual work plan and the meeting agendas to ensure all required business is brought before the ESGN Committee to enable it to efficiently carry out its duties and responsibilities;
- F. Ensure, in consultation with the Board Chair and Lead Director, that all items requiring the ESGN Committee's approval are appropriately tabled;
- G. Ensure the proper flow of information to the ESGN Committee and review, with the Executive Officers and the Corporate Secretary, the adequacy and timing of materials in support of management's proposals;
- H. Report to the Board on the matters reviewed by, and on any decisions or recommendations of, the ESGN Committee at the next meeting of the Board following any meeting of the ESGN Committee; and
- I. Carry out any special assignments or any functions as requested by the Board.

If the Chair is not present at a meeting of the ESGN Committee, the members of the ESGN Committee may designate an interim Chair for the meeting by majority vote of the members present.

Unless otherwise determined by resolution of the Board, the Corporate Secretary of the Corporation or his/her delegate shall be the Secretary of the ESGN Committee, provided that if the Secretary is not present, the Chair of the meeting may appoint a secretary for the meeting with the consent of the ESGN Committee members who are present.

## **V. MEETINGS**

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The Chair of the ESGN Committee, in consultation with the ESGN Committee members, shall determine the schedule and frequency of the ESGN Committee meetings provided that the ESGN Committee will meet at least two times in each fiscal year. The ESGN Committee shall have the authority to convene additional meetings as circumstances require.

Proceedings and meetings of the ESGN Committee are governed by the provisions of by-laws of the Corporation relating to the regulation of the meetings and proceedings of the Board as they are applicable and not inconsistent with this Charter and the other provisions adopted by the Board in regards to committee composition and organization.

All members of the ESGN Committee are expected to attend all meetings and review, in advance, the meeting materials.

## **VI. QUORUM AND VOTING**

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Unless otherwise determined from time to time by resolution of the Board, the quorum at any meeting of the ESGN Committee is a majority of members in office. For any meeting(s) at which the ESGN Committee Chair is absent, the Chair of the meeting shall be the person present who shall be decided upon by all members present. At a meeting, any question shall be decided by a majority of the votes cast by members of the ESGN Committee, except where only two members are present, in which case any question shall be decided unanimously.

## **VII. MEETING AGENDA**

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Agendas for meetings of the ESGN Committee shall be developed by the Chair of the ESGN Committee in consultation with the management and the Corporate Secretary, and shall be circulated to ESGN Committee members as far in advance of each ESGN Committee meeting as is reasonable.

## **VIII. RECORDS**

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The ESGN Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board as appropriate.

## **IX. RESOURCES AND AUTHORITY**

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The ESGN Committee shall have the resources and the authority to discharge its responsibilities, including the authority, in its sole discretion, to engage, at the expense of the Corporation, outside consultants, independent legal counsel and other advisors and experts as it determines necessary to carry out its duties, without seeking approval of the Board or management. The ESGN Committee shall have the authority, without seeking approval of the Board or management, to set and pay the compensation for any such outside consultants, independent legal counsel and other advisors and experts employed by the ESGN Committee in connection with carrying out its duties.

## **X. DUTIES AND RESPONSIBILITIES**

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The ESGN Committee shall perform the functions customarily performed by governance and human resources committees and any other functions assigned by the Board. In particular, the ESGN Committee shall have the following duties and responsibilities:

### **A. BOARD MEMBERS AND CORPORATE GOVERNANCE PRINCIPLES AND COMPLIANCE**

1. Subject to the nomination rights set out in any investor agreements, if applicable, review criteria regarding the composition of the Board and committees of the Board, such as size, proportion of independent directors and as to criteria to determine “relatedness” as well as profile of the Board (age, diversity, inclusiveness, disciplines, geographical representation, etc.) and establish a Board comprised of members who facilitate effective decision-making.
2. Subject to the nomination rights set out in any investor agreements, if applicable, review criteria relating to tenure as a director, such as limitations on the number of times a director may stand for re-election, and the continuation of directors in an honorary or similar capacity.
3. Subject to the nomination rights set out in any investor agreements, if applicable, review criteria for retention of directors unrelated to age or tenure, such as attendance at Board and committee meetings, or the assumption of responsibilities which are incompatible with effective Board membership, and assess the effectiveness of the Board as a whole, the ESGN Committee of the Board, the contribution of individual directors on an ongoing basis and establish in light of the opportunities and risks facing the Corporation, what competencies, skills and personal qualities it seeks in new Board members in order to add value to the Corporation.
4. Subject to the nomination rights set out in any investor agreements, if applicable, recommend to the Board the list of candidates for directors to be nominated for election by shareholders at annual meetings of shareholders.
5. Subject to the nomination rights set out in any investor agreements, if applicable, recommend to the Board candidates to fill vacancies on the Board occurring between annual meetings of shareholders.
6. Recommend to the Board 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.
7. Establish and implement an orientation and education program for new recruits to the Board and review from time to time the value and benefit of such program.

8. Ensure corporate compliance with applicable legislation including director and officer compliance.
9. Review proposed amendments to the Corporation's by-laws before making recommendations to the Board.
10. Review and make recommendations to the Board with respect to the Code of Ethics and Business Conduct (the "**Code of Conduct**"), Insider Trading Policy, Disclosure Policy, Whistleblower Policy and Securities Trading Policy.
11. Monitor adherence to the Code of Conduct and review potential situations related thereto brought to the attention of the ESGN Committee by the CFO in order to recommend or not in certain circumstances to the Board to grant or not waivers from compliance with the Code of Conduct. The ESGN Committee shall also ensure that when such waivers are granted, the Board shall disclose same in due time and specify the circumstances and rationale for granting the waiver.
12. Monitor adherence to the Investment Principles Policy and review potential situations related thereto brought to the attention of the ESGN Committee by the CFO or CIO, or through the environmental, social and governance ("**ESG**") data reported by, or with respect of, the third-party operators (the "**Third-Party Operators**") of the projects upon which the Corporation holds a stream, royalty, or other interest and make recommendations to the Board with respect thereof.
13. Make recommendations to the Board as deemed appropriate in the context of adherence to corporate governance guidelines in effect from time to time.
14. In conjunction with the Board Chair and Lead Director, recommend to the Board the membership and chairs of the ESGN Committee and Audit Committee of the Board.
15. Review the Board/management relationship.
16. Advise the Board on the disclosure to be contained in the Corporation's public disclosure documents, such as the Corporation's annual management proxy circular, annual information form or annual report, on matters of corporate governance as required by any applicable exchange or regulator.
17. Generally advise the Board on all other matters of corporate governance.

**B. APPOINTMENT, HIRING, EVALUATION OF EXECUTIVE OFFICERS**

1. Consider and recommend for approval by the Board: (i) the appointment of the Executive Officers; and (ii) a succession plan with respect to each Executive Officer, as may be required.

2. Review the CEO's assessment of existing management resources and plans for ensuring that qualified personnel will be available as required for succession of each Executive Officer and to report on this matter to the Board.
3. Review and assess the performance of the Executive Officers against pre-set specific corporate and individual goals and objectives approved by the ESGN Committee and report annually to the Board on these assessments.

#### **C. OVERSIGHT OF MATTERS RELATING TO ESG AND ETHICS**

1. Review, monitor, report, and where appropriate, provide recommendations to the Board on policies relating to matters of ESG and ethics. For greater certainty and without restricting the generality of the foregoing, the ESGN Committee shall, at minimum, recommend policies compliant with the International Council on Mining & Metals principles (the "**ICMM Principles**"). Until such time as the Board adopts policies relating to matters of ESG and ethics, the ESGN Committee shall review, monitor, report and take steps to resolve failures by members of the Board to comply with the ICMM Principles.
2. Review and monitor the Code of Conduct and the Investment Principles Policy in conjunction with the Audit Committee and provide a report to the Board of such activities at least annually.
3. Take steps to resolve failures by a member of the Board or of an Executive Officer to comply with the Code of Conduct or the Investment Principles Policy.

#### **XI. LIMITATION ON THE OVERSIGHT ROLE OF THE ESGN COMMITTEE**

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Nothing in this Charter is intended, or may be construed, to impose on any member of the ESGN Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

Each member of the ESGN Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives financial and other information, and the accuracy of the information provided to the Corporation by such persons or organizations.

#### **XII. EVALUATION OF THE ESGN COMMITTEE AND REPORT TO BOARD**

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The ESGN Committee shall evaluate and review with the Board, on an annual basis, the performance of the ESGN Committee as a whole as well as the performance of each individual member while taking into account: (i) in the case of the ESGN Committee as a whole, the present Charter, and (ii) in the case of an individual member, the applicable position description(s), as well as the competencies and skills each individual director is expected to contribute to the ESGN Committee .



The ESGN Committee shall report to the Board periodically on the ESGN Committee 's activities.

**XIII. REVIEW OF CHARTER**

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The ESGN Committee will, from time to time, review and assess the adequacy of this Charter and recommend any proposed changes for consideration. The Board may amend this Charter, as required.

This Charter was adopted by the Board of Directors on February 10, 2021.