

# 2022 Management information circular

## Notice of 2022 annual meeting of shareholders

Sherritt International Corporation  
March 24, 2022

**sherritt**



# NOTICE OF OUR 2022 ANNUAL MEETING OF SHAREHOLDERS

Please join us at our 2022 annual meeting

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**Where**

Live audio webcast at  
<https://web.lumiagm.com/470870750>

In-person at:

Vantage Venues  
150 King Street West  
Toronto, Ontario  
M5H 1J9

**When**

Friday, May 13, 2022  
10:00 a.m. (Eastern Time)

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**Business of the meeting**

1. Receiving our 2021 financial statements
2. Re-appointing our auditor and authorizing the directors to set their compensation
3. Voting on our approach to executive compensation
4. Electing our directors
5. Considering any other business properly brought before the meeting

**Your vote is important**

You can vote at the meeting if you owned Sherritt common shares at the close of business on March 18, 2022 (the record date of the meeting). Please read the voting section starting on page 3 of the attached management information circular for details, including proxy deadlines.

By order of the Board,

A handwritten signature in black ink, appearing to be "Ward Sellers", followed by a small black dot.

Ward Sellers

Senior Vice President, General Counsel & Corporate Secretary

Toronto, Ontario

March 24, 2022

**Questions about voting?**

Contact our proxy solicitation agent,  
Kingsdale Advisors:

**By telephone**

- 1 800 749 9197 (toll-free in North America)
- 416 867 2272 (call collect outside of North America)

**By email**

- [contactus@kingsdalesadvisors.com](mailto:contactus@kingsdalesadvisors.com)



## Dear fellow shareholders

Over the past year Sherritt has been able to switch its focus from looking backwards at what would have been its unsustainable financing structure to one of looking forward in exploiting its significant resources and reserves in nickel and cobalt whilst also seeking to capitalize on its associated intellectual property developed within its Technologies Group.

Initially, the strategic options being developed are bound to contain execution risk whether by their association with the significant restrictions placed on Cuba or by the bringing to demonstration plant scale the potentially attractive Technologies conversations. To these must be added the ambition of the new executive team led by Leon Binedell to increase and accelerate the required rate of change throughout the company. Without risk there can be no risk-related returns and the Board is alert in carrying out its checks and balances as the options emerge and develop. The rapid adoption of the first phase of the proposal to increase our metals output is a good example of this process working quickly and effectively.

Building on the momentum established late in 2020 with the successful completion of the balance sheet initiative that eliminated more than \$300 million of debt, reduced annual cash interest payments by \$15 million and extended our first debt maturity to November 2026 – all without any dilutive impact to shareholders – Sherritt had an eventful 2021, a year that was marked by strong financial results, transition, and considerable promise.

Among our achievements included some of our best financial metrics in three years, such as highest combined revenue, highest adjusted EBITDA, and lowest net direct cash costs for nickel sold since 2018. These improved financial results were indicative of higher nickel and cobalt prices, and good cost control despite inflationary pressure on input costs as experienced by organizations around the world for much of the year.

Operationally, we met our unit cost targets for 2021 for each of our business units and achieved our updated production guidance for the year despite the impact of COVID-19 on our employees and global supply chains.

2021 will also be remembered for a number of important transitions we made. The most notable being the appointment of Leon Binedell as President and CEO in June followed by the appointments of Yasmin Gabriel as Chief Financial Officer, Greg Honig as Chief Commercial Officer, and Chad Ross as Chief Human Resources Officer in August, and the promotions announced in December of Dan Rusnell as Senior Vice President of Metals and Elvin Saruk as Head of Growth Projects in addition to his accountabilities as Senior Vice President, Oil and Gas and Power.

These senior leadership changes helped to facilitate another important and strategic transition for Sherritt. For the first time in more than 10 years, we embarked on a growth strategy focused on expanding nickel and cobalt production by up to 20% and extending the life of mine at Moa beyond 2040.

Completion of our expansion plans is expected to take approximately two years once fully approved with our partner. Given the low capital intensity relative to greenfield or new mine development projects the lower risk in executing this expansion will allow us to capitalize on the growing demand for high purity nickel and cobalt being driven by the accelerated adoption of electric vehicles. Indeed, industry analysts expect that the compound growth rate for annual nickel demand will be 3.5% over the next 20 years.

While our growth plans were only announced in the fourth quarter of 2021, we have already made considerable progress to date, completing a feasibility study for a new slurry preparation plant and approved this first component of the expansion. This

initiative is expected to result in a number of benefits, including reduced ore haulage distance, lower carbon intensity from mining, and increased production of mixed sulphides by approximately 1,700 tonnes, commencing in mid-2024. Other expansion plan initiatives are expected to deliver comparable benefits, including removing production bottlenecks and replacing aging equipment at the refinery in Fort Saskatchewan.

Another component of our growth strategy relates to efforts to commercialize the process solutions developed by our Technologies Group. This, too, marks a transition for Sherritt as historically our Technologies group was a cost centre. Instead, we are now focused on bringing our proprietary solutions to market by enabling other resource companies to improve operational performance and product quality, reduce carbon emissions, and improve profitability. Industry response to date has been encouraging.

One of our most advanced solutions includes a process that fully upgrades heavy oil while increasing economic value of oil transported to downstream markets and reducing energy consumption and carbon emissions. Another relates to mitigating the deleterious impacts of high arsenic content in copper concentrates. By stabilizing the harmful effects of arsenic content, Sherritt's innovative solution extends the life of aging copper mines, reduces treatment costs, and produces zero carbon emissions. A third longer term solution, the development of a new process for processing laterite, will make a major contribution towards reducing the environmental impact of nickel production

Successful completion of our expansion strategy and the ongoing efforts to commercialize our process solutions will allow us to grow value over the coming years. Reaction to our senior leadership changes, achieving our production and unit cost targets for 2021, and making progress on growth strategy has been favorable.

While executing our strategic plans is the key area of focus, simplifying and adapting our management structure to support our ambitions has remained a priority. As a consequence, we have already seen a 10% reduction in head office personnel and combined with other initiatives we expect to see an annual saving of approximately \$3 million in 2022.

Another important milestone in 2021 was the release of our Sustainability Report that featured several upgraded environmental, social, and governance (ESG) targets. Among them included achieving net zero greenhouse emissions by 2050, obtaining 15% of overall energy from renewable sources by 2030, reducing nitrogen oxide emission intensity by 10% by 2024, and increasing the number of women in the workforce to 36% by 2030.

2021 was not without its challenges. Despite a change in administrations, the U.S. federal government maintained its punitive sanctions against our Cuba partners. Coupled with the reduced availability of foreign currency caused by the impact of the pandemic on tourism, Cuba's primary economic driver, our ability to collect on overdue amounts from our Cuban partners was severely limited throughout the year.

For much of the pandemic, our operations in Cuba and in Fort Saskatchewan were largely unaffected by COVID-19 due to the rigorous health and safety protocols we implemented. The rapid spread of the Delta variant in July and August, however, took a toll on the local communities in which we operate and the supply chains we rely on and negatively impacted our results in the third quarter.

The impact of COVID on our performance has since abated with the additional health and safety measures implemented and the successful rollout of vaccines in the local communities in which we operate.

I would like to thank all of our employees for their tremendous efforts in challenging circumstances in 2021, and all of our shareholders for your patience and support over recent years.

I would also like to thank Adrian Loader for his significant contributions to Sherritt's Board over the years. Having served as a director for almost nine years Adrian has decided to retire and not stand for nomination in 2022.

Consistent with our commitment to board renewal, we appointed Dr. Peter Hancock, a mining industry executive with more than 34 years of experience, and Chih-Ting Lo, a de-carbonization expert with nearly 20 years of experience developing industry solutions at reducing greenhouse emissions, to our Board. We also named Maryse Bélanger, a director since 2018, as Deputy Chair.

The notice of the meeting and the attached management information circular provide specific details about the matters to be presented at this year's meeting for shareholder approval. Last year only 25.2% of our shareholders voted at the AGM and we were fearful of failing to obtain a quorum at the AGM. It is very important that you vote and I would encourage you to vote your shares by proxy if you are unable to attend this year's meeting.

On behalf of the Board and Sherritt's senior management team, I would like to thank you for your support. We continue to work in the best interests of Sherritt shareholders, and we look forward to success in the years ahead as we capitalize on our expansion plans and the growing demand for nickel, cobalt and process solutions developed by our Technologies group.

Sincerely,

A handwritten signature in black ink, appearing to be 'R. Laphorne', written over a light grey rectangular background.

Sir Richard Laphorne  
Chair, Sherritt's Board of Directors

March 24, 2022

# OVERVIEW OF THE 2022 MANAGEMENT INFORMATION CIRCULAR

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals essential for an electric future. Its Technologies Group creates innovative, proprietary solutions for oil and mining companies around the world to improve environmental performance and increase economic value. The Corporation has embarked on a near-term, multi-pronged growth strategy focused on expanding nickel and cobalt production by up to 20% from its 2021 totals and extending the life of mine at Moa beyond 2040. Sherritt is also the largest independent energy producer in Cuba.

Our 2022 management information circular tells you what you need to know to vote at our annual meeting of shareholders. This overview highlights some key information, including our governance and compensation practices. Please read the entire document before you vote your shares.

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## GOVERNANCE

At Sherritt, we believe that sound corporate governance is critical to earning and retaining the trust of our shareholders. Our governance practices reflect the goals and priorities that we promote as a company, and support ethical behaviour and high performance standards throughout the organization – all critical elements for improving overall company performance.

### Sound governance

Sherritt's Board of Directors (the *Board*) is responsible for overseeing the management of the business and our affairs. The Board promotes fair reporting, including financial reporting, to shareholders and other stakeholders as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. We comply with the rules and regulations that apply to us as a Canadian public company including National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines*.

### Qualified and experienced Board

We have a strong, independent Board. Six of this year's seven nominated directors (86%) are independent, including the Chair. The only non-independent director nominee is Leon Binedell, who also serves as our President and Chief Executive Officer.

	Age	Director since	Independent	2021 meeting attendance	2021 voting result
Maryse Bélanger (Deputy Chair)	60	February 2018	yes	100%	97.03% for
Leon Binedell <sup>1</sup>	48	June 2021	no	100%	n/a
Dr. Peter Hancock <sup>1</sup>	58	November 2021	yes	100%	n/a
Sir Richard Laphorne (Chair)	77	September 2011	yes	100%	94.34% for
Chih-Ting Lo <sup>1</sup>	41	March 2022	yes	n/a	n/a
Lisa Pankratz	61	November 2013	yes	100%	93.38% for
John Warwick	68	June 2017	yes	100%	96.24% for

1. Mr.Binedell, Ms.Lo, and Dr.Hancock joined the Corporation after Sherritt's 2021 annual shareholder meeting, consequently, statistical information related to their respective 2021 voting results are not available. Ms. Lo did not attend any Board meetings in 2021 as a director.

### Appropriate compensation

Directors receive fixed compensation only, paid in cash and deferred share units (DSUs) that can't be redeemed until they leave the Board.

### Regular shareholder communications

We continued our regular shareholder engagement program in 2021, inviting 20 shareholders, representing 36% of the issued and outstanding shares at that time, to meet with Sherritt's Chair of the Board and the Chair of the Human Resources Committee. Sherritt's Chair of the Board and the Chair of the Human Resources Committee met with seven shareholders representing approximately 13% of the Corporation's issued and outstanding shares, as well as one proxy advisory firm as part of its shareholder engagement program. Sherritt extended its shareholder engagement program into 2022 in advance of its 2022 annual general meeting. See page 21 for more information about these meetings.

You can read more about this year's nominated directors beginning on page 11, governance at Sherritt beginning on page 16 and executive pay beginning on page 36.

### Qualified and experienced nominees

100%

Experience in mining/ resource industry, international business or capital projects

100%

Experience in risk management and evaluation

57%

Financially literate or have experience in financial reporting, finance or mergers and acquisitions

57%

Experience in human resources or executive compensation

## HOW WE PAY OUR EXECUTIVES

Executive pay at Sherritt supports our strategy, motivates our executives to achieve our strategic objectives without encouraging them to take undue risks and aligns their interests with the long-term interests of our shareholders. It is an important tool to attract and retain a strong, focused and resilient executive team to lead the company through all phases of the commodity cycle.

### Strategic design

Our executive compensation program is based on our guiding principles that drive how we attract, retain and pay our executive team, motivate them to achieve our strategy and deliver value to shareholders.

### Evolving program

Our compensation program has evolved over the last few years, to improve the link between pay and performance aligned with our strategic priorities, enhance our oversight of compensation risk and other appropriate refinements:

<b>Key changes in 2019</b>	<p>Simplified the short-term incentive plan, and tied the measures more closely to our strategic objectives</p> <p>Replaced option awards with restricted share units (RSU) while we continued to assess alternatives to options</p>
<b>Key changes in 2020</b>	<p>Adjusted the performance criteria for payouts of performance share units (PSUs) awarded in 2020 to better reflect the business mix of the company</p> <p>Updated the comparator group</p>
<b>Key changes in 2021</b>	<p>Adjust the weighting of the PSU relative total shareholder return comparator indices to better reflect the 2021 business mix</p> <p>Undertake a market review of executive pay relative to the new comparator group</p>
<b>Plans for 2022</b>	<p>Adjust the weighting of the PSU relative total shareholder return comparator indices further to reflect business mix and added internal measure for expansion of Metals business</p>

### Snapshot of 2021 compensation decisions

Total compensation paid to the named executives in 2021 is summarized below:

- **Salaries** – salaries for newly hired and promoted, and current named executive salaries were unchanged from their salaries at January 1, 2021 or at appointment.
- **Short-term incentives** – awards were between 114.0% and 130.5% of target, based on corporate, operational and individual performance, which you can read about beginning on page 49.
- **Equity incentives** – awarded at target, and allocated 50% to RSUs and 50% to PSUs; and
- **Payout of 2018 mid-term awards** – paid out at 32% of the grant value because of: the performance vesting with 40% of PSUs vested and the decline from grant date value of \$1.25 per share to \$0.64 per share at vesting, aligning executive compensation outcomes with the experience of our shareholders.

### Compensation approach

#### Strategic

Strategically aligned with performance, does not encourage undue risk taking, executives aligned with shareholders

#### Appropriate and fair

Aligned with our organizational structure and the scope of the role

Internally equitable and benchmarked to the market

#### Competitive

Attracts strong, focused and resilient executive team to lead us through all phases of the commodity cycle



**2021 total direct compensation**

(see page 49)

	Salary	Short-term incentive	Equity incentives	2021 compensation	Pay tied to performance ( <i>at risk</i> )	Compared to target	Compared to 2020
Leon Binedell <sup>1</sup>	\$335,417	\$437,720	\$670,833	\$1,443,970	77%	+8%	n/a
David Pathe <sup>2</sup>	\$618,750	\$795,094	\$1,750,000	\$3,163,844	80%	+6%	-9%
Yasmin Gabriel <sup>3</sup>	\$234,820	\$112,479	\$152,083	\$499,382	53%	+4%	n/a
Nathan Reeve <sup>4</sup>	\$159,858	\$72,672	\$125,000	\$357,530	55%	+3%	n/a
Steve Wood	\$450,000	\$382,725	\$565,000	\$1,397,725	68%	+5%	+1%
Elvin Saruk	\$380,000	\$295,260	\$485,000	\$1,160,260	67%	+6%	+10%
Ward Sellers	\$375,000	\$225,000	\$500,000	\$1,100,000	66%	+4%	+2%

1. Leon Binedell was appointed CEO June 1, 2021.

2. David Pathe stepped down from his role as CEO May 30, 2021.

3. Yasmin Gabriel was appointed CFO August 5, 2021. The above amounts reflect compensation earned and awarded in 2021 for her contributions prior to becoming a senior executive officer, as well as for her time as CFO.

4. Nathan Reeve was appointed interim CFO January 1, 2021 and departed Sherritt August 4, 2021.

## 2021 Highlights

In 2021 Sherritt's focus over the past number of years delivered results and the Company is well positioned to take advantage of the growing electric vehicle market for nickel and cobalt.

### Financial & Operational

Building on the success of the balance sheet initiative completed in late 2020 that eliminated more than \$300 million of debt, reduced annual cash interest payments by \$15 million and extended our first debt maturity to November 2026 – all without any dilutive impact to shareholders – Sherritt's focus in 2021 centred on achieving strong financial and operational results while positioning the Company to capitalize on the expected long-term demand for nickel and cobalt being driven by the adoption of electric vehicles and renewable energy.

As a result of strengthened nickel, cobalt, and fertilizer prices as well as efforts to reduce operating and corporate costs, Sherritt achieved some of its strongest financial results in three years. In particular, Sherritt's combined revenue, adjusted EBITDA, and net earnings from continuing operations were the highest since 2018.

Sherritt's share of production, unit costs, and spending on capital for each of its business units in 2021 were in line with revised guidance for the year, indicative of ongoing commitments to operational excellence and efforts to mitigate the spread of COVID-19 through additional health and safety measures designed to protect employees, suppliers, and other stakeholders at its operations in Canada and Cuba.

### Corporate Strategy & Leadership Changes

Sherritt embarked on an expansion strategy with its Cuban partners to capitalize on the growing demand for high purity nickel and cobalt being driven by the accelerated adoption of electric vehicles. The expansion strategy builds on the 26-year successful track record of the Moa Joint Venture and centres on growing annual finished nickel and cobalt production by 15 to 20% per year from the 34,710 tonnes produced in 2021 and extending the life of mine at Moa beyond 2040 through the conversion of mineral resources into reserves using an economic cut-off grade.

Sherritt appointed Leon Binedell as President and CEO, Yasmin Gabriel as Chief Financial Officer, Greg Honig as Chief Commercial Officer, and Chad Ross as Chief Human Resources Officer as part of senior leadership changes. In addition, Sherritt promoted Dan Rusnell to Senior Vice President of Metals and Elvin Saruk as Head of Growth Projects in addition to his accountabilities for Oil & Gas and Power. The appointments and promotions underscore Sherritt's multi-pronged growth strategy focused on capitalizing on the accelerating demand for high-purity nickel and cobalt from the electric vehicle industry and commercializing innovative process technology solutions for resources companies looking to improve their environmental performance and increase economic value.

### Shareholder Engagement

In 2021, we reached out to 20 of our top shareholders (representing 36% of the issued and outstanding shares at that time) offering to discuss compensation, strategy and governance. We value the input we receive from our shareholders and incorporate it in our ongoing reviews of our compensation program.



## 2022 MANAGEMENT INFORMATION CIRCULAR

You have received this management information circular because you owned common shares of Sherritt International Corporation as of the close of business on March 18, 2022 and are entitled to receive notice of our 2022 annual meeting of shareholders and to vote your shares.

This year, as permitted by Canadian corporate and securities regulators, Sherritt is using notice-and-access to deliver this circular to both our registered and non-registered shareholders. This means that the circular is being posted online for you to access, rather than being mailed out. Notice-and-access gives shareholders more choice, substantially reduces our printing and mailing costs, and has less environmental impact as it reduces materials, waste and energy consumption. You will still receive a form of proxy or a voting instruction form in the mail (unless you have chosen to receive proxy materials electronically) so you can vote your shares but, instead of automatically receiving a paper copy of this circular, you will receive a notice ("**Notice-and-Access Letter**") with information about how you can access the circular electronically and how to request a paper copy.

Out of an abundance of caution, to proactively deal with the public health impact of the COVID-19 pandemic, and to mitigate the risks to the health and safety of our communities, shareholders, employees and other stakeholders, we will be holding the annual meeting in a hybrid format. The annual meeting will have a physical location (Vantage Venues) and will permit limited in-person attendance (subject to compliance with all public health orders and protocols), but the meeting format will also permit registered shareholders and duly appointed proxyholders to participate virtually via live audio webcast at <https://web.lumiagm.com/470870750>, or at a reconvened meeting if the meeting is postponed or adjourned.

This management information circular provides important information about the business of the meeting, the voting process, governance at Sherritt and how we pay our directors and executives.

The Board has approved the contents of this circular and has authorized us to send it to our shareholders of record, each director and the external auditor.

By order of the Board,

Leon Binedell  
President and Chief Executive Officer

Toronto, Ontario  
March 24, 2022

### In this document:

- *we, us, our, company, corporation* and *Sherritt* mean Sherritt International Corporation
- *you, your* and *shareholder* mean holders of Sherritt common shares
- information is in Canadian dollars, unless indicated otherwise
- information is as of March 18, 2022, unless indicated otherwise

### Record date

March 18, 2022

### Registered office

Sherritt International Corporation  
Bay Adelaide Centre, East Tower  
22 Adelaide Street West, Suite 4220  
Toronto, ON M5H 4E3

## ABOUT THE MEETING

If you held Sherritt common shares at the close of business on March 18, 2022, you are eligible to vote at our 2022 annual shareholder meeting. Each share is entitled to one vote on each item of business to be voted on. Your vote is important to us, and we encourage you to cast your vote. This section of our circular tells you about the meeting – where and when to vote, what you will be voting on, and where to find more information.

### **Please join us at our 2022 annual meeting**

#### **Where**

Live audio webcast at <https://web.lumiagm.com/470870750>

In-person at:

Vantage Venues  
150 King Street West  
Toronto, Ontario  
M5H 1J9

#### **When**

Friday, May 13, 2022  
10:00 a.m. (Eastern Time)

#### **Where to find it**

- 3 Voting
- 8 Business of the meeting
- 11 About the nominated directors

# VOTING

## Who can vote

If you held Sherritt common shares at the close of business on March 18, 2022, you are eligible to vote at our 2022 annual shareholder meeting. Each share is entitled to one vote on each item of business to be voted on.

Our authorized capital consists of an unlimited number of common shares. We had 397,288,680 shares outstanding as of the record date. Our directors and executive officers are not aware of any person or entity who beneficially owns or exercises direction or control over, directly or indirectly, more than 10% of our total shares outstanding.

## How to vote

### Registered shareholders

You are a registered shareholder if your name appears on your share certificate. Your Notice-and-Access Letter includes a proxy form.

### Vote in person

If you would like to vote in person, do not complete your proxy form because your vote will be taken and counted at the meeting. Bring the form with you and your photo ID and check in with a representative of our transfer agent, TSX Trust Company, when you arrive at the meeting.

### Vote by proxy

Voting by proxy is the easiest way to vote. It means you appoint another person (your proxyholder) to attend the meeting for you and vote your shares according to your instructions.

**You can appoint the Sherritt representatives named in the proxy form to act as your proxyholder, or you can appoint someone else. If you appoint the Sherritt representatives, you can simply vote using the methods below. If you appoint someone else you must follow the additional step as described below. Your proxy does not need to be a Sherritt shareholder.** If you would like to appoint another person, print that person or entity's name in the space provided in the form. Make sure they know that you have appointed them as your proxyholder and that they must attend the meeting on your behalf and vote your shares according to your instructions. If you appoint a proxyholder, your shares represented by the proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for and, if you specify a choice with respect to any matter to be acted upon, your shares will be voted accordingly.

You must complete the additional step of registering such proxyholder with TSX Trust Company at (866) 751-6315, or outside Canada and United States, at (212) 235-5754 or online at <https://www.tsxtrust.com/control-number-request> after submitting your form of proxy by no later than 10:00 a.m. (Eastern Time) on May 11, 2022. Failure to register the proxyholder with TSX Trust Company will result in the proxyholder not receiving a control number to vote at the meeting and such proxyholder would only be able to attend the meeting as a guest. For the virtual meeting, guests can listen to the meeting, but cannot vote or ask questions. Guests can attend the virtual meeting by visiting <https://web.lumiagm.com/470870750>, clicking "I am a guest" and completing the online form.

## How to submit your voting instructions

Vote by internet or phone:

<b>Internet</b>	Go to <a href="https://www.tsxtrust.com/vote-proxy">www.tsxtrust.com/vote-proxy</a> and follow the on-screen instructions
<b>Phone</b>	Call 1-888-489-7352 from a touch-tone phone and following the voice instructions. You will need the 13-digit control number on your proxy form for identification purposes Note that you can give us your voting instructions by phone only if you have appointed the Sherritt representatives to be your proxyholder

### The Board and management are soliciting your proxy for the meeting.

Solicitation is mostly by mail, but you may also be contacted by a Sherritt director, officer or employee to encourage you to vote. We have also engaged Kingsdale Advisors to provide strategic shareholder advisory services and act as proxy solicitation agent for the meeting. We are paying Kingsdale \$48,400 (plus certain out-of-pocket expenses) for their services as solicitation agent. We may also reimburse brokers and others for the costs of sending our proxy materials to the beneficial holders of Sherritt shares.

### Counting the votes

Votes will be counted and tabulated by our transfer agent, TSX Trust Company, to keep individual shareholder votes confidential. Proxies are kept confidential unless it is clear that a shareholder has a message for management, the validity of the proxy is in question or it is required by law.

Or complete your form, sign and date it and send it by:

Email	Scan your form and email it to <a href="mailto:proxyvote@tmx.com">proxyvote@tmx.com</a>
Fax	Fax both sides of your form to 1-866-781-3111 (toll free in North America) or 416 368 2502
Mail	Mail your form to TSX Trust Company , Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1.

TSX Trust Company must receive your voting instructions by 10:00 a.m. (Eastern Time) on May 11, 2022 and, if the meeting is adjourned or postponed, no later than 48 hours (excluded Saturdays, Sundays and holidays) the date preceding the adjourned or postponed meeting.

The Chair of the meeting can accept or reject late proxies, and waive or extend the deadline for receiving proxies at his discretion and without notice.

If you appointed the Sherritt representatives named in the proxy form to be your proxyholder and do not specify your voting instructions, your shares will be voted:

- FOR the reappointment of Deloitte LLP as our auditor and to authorize the directors to set their compensation
- FOR our approach to say on executive pay
- FOR each of the nominated directors.

Only registered shareholders or duly appointed proxyholders are permitted to vote at the meeting.

### Non-registered shareholders

You are a non-registered shareholder if your shares are registered under the name of an intermediary (your securities dealer, brokerage firm, bank, trust company, administrator of a registered plan (like an RRSP, RRIF or RESP) or other financial institution, or held in the name of a clearing agency (such as CDS) that your intermediary deals with. You are the beneficial owner of the shares and you have the right to instruct your intermediary how to vote your shares. Your Notice-and-Access Letter includes a voting instruction form (or proxy form provided by your intermediary, if you have requested your intermediary to appoint you as a proxyholder (the *Voting Document*)).

### Vote in person

Print your name in the space provided in your voting document or write to them to ask that you be appointed proxyholder. Then follow your intermediary's instructions for returning the form. Each intermediary has its own procedures so please follow the instructions provided by them.

Bring your photo ID and check in with a TSX Trust Company representative when you arrive at the meeting.

### Vote by proxy

Voting by proxy is the easiest way to vote. It means you appoint another person (your proxyholder) to attend the meeting for you and vote your shares according to your instructions.

**You can appoint the Sherritt representatives named in the proxy form to act as your proxyholder, or you can appoint someone else. If you appoint the Sherritt representatives, you can simply vote using the methods below. If you appoint someone else you must follow the additional step as described below. Your proxyholder does not need to be a Sherritt shareholder.** If you would like to appoint another person, print that person or entity's name in the space provided in the Voting Instruction Form. Make sure they know that you have appointed them as your proxyholder and that they must attend the meeting on your behalf and vote your shares according to your instructions. If you appoint a proxyholder, your shares represented by the proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for and, if you specify a choice with respect to any matter to be acted upon, your shares will be voted accordingly.

You must complete the additional step of registering such proxyholder with TSX Trust Company at 1-866-751-6315, or outside of Canada and the United States, at (212) 235-5754 or online at <https://www.tsxtrust.com/control-number-request> after submitting your Voting Instruction Form of proxy by no later than 10:00 a.m. (Eastern Time) on May 11, 2022. Failure to register the

proxyholder with TSX Trust Company will result in the proxyholder not receiving a control number to vote at the meeting and such proxyholder would only be able to attend the meeting as a guest.

### How to submit your voting instructions

<b>Internet</b>	Go to <a href="http://www.proxyvote.com">www.proxyvote.com</a> and follow the on-screen instructions	
<b>Phone</b>	<b>Canadian shareholders:</b> Call 1-800-474-7493 (English) or 1 800 474 7501 (French)	<b>US shareholders:</b> Call 1-800-454-8683
<b>Mail</b>	Complete your voting instruction form, sign and date it and send it to the address provided by your intermediary and before the deadline specified	

We also use the Broadridge QuickVote™ service to help non-registered shareholders vote their shares over the phone. Non-registered shareholders may be contacted by Kingsdale to help them with this service. Broadridge tabulates the results of all the voting instructions received and provides the appropriate instructions for those shares at the meeting.

Submit your voting instructions right away to allow enough time for your intermediary to process your voting instructions. TSX Trust Company must receive your voting instructions from your intermediary by 10:00 a.m. (Eastern Time) on May 11, 2022 and, if the meeting is adjourned or postponed, no later than 48 hours (excluded Saturdays, Sundays and holidays) preceding the adjourned or postponed meeting.

Shares will be voted or withheld from voting according to shareholder's instructions on any ballot that may be called for.

The Chair of the meeting can waive or extend the deadline for receiving proxies at his discretion and without notice.

If you appointed the Sherritt representatives named in the Voting Document to be your proxyholder and do not specify your voting instructions, your shares will be voted:

- FOR the reappointment of Deloitte LLP as our auditor and to authorize the directors to set their compensation
- FOR our approach to say on executive pay
- FOR each of the nominated directors.

### Changing your vote

You can revoke your voting instructions if you change your mind:

#### Registered shareholders

- Go online and submit new voting instructions
- Submit another proxy form and send it by mail or fax to TSX Trust Company. A properly completed proxy form with a later date automatically revokes a previously submitted proxy
- Send a written statement to TSX Trust Company indicating your wish to have your proxy revoked.

Send your new proxy form or written statement to TSX Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1. They must receive it before 10:00 a.m. (Eastern Time) on May 11, 2022 or 48 hours (excluded Saturdays, Sundays and holidays) preceding the date of an adjourned or postponed meeting.

#### Non-registered shareholders

- Go online and submit new voting instructions
- Complete another Voting Document and follow the instructions for returning the form provided by your intermediary. A properly completed Voting Document with a later date automatically revokes a previously submitted form
- Send a written statement to your intermediary indicating that you wish to have your Voting Document revoked.

#### Questions about voting?

Contact our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors:

#### By telephone

- 1 800 749 9197 (toll-free in North America)
- 416 867 2272 (call collect outside of North America)

#### By email

- [contactus@kingsdalesadvisors.com](mailto:contactus@kingsdalesadvisors.com)

Send your new form or written statement to your intermediary right away because they must forward it to TSX Trust Company. TSX Trust Company must receive the new form or statement before 10:00 a.m. (Eastern Time) on the last business day before the meeting (or reconvened meeting if the meeting is postponed or adjourned).

Regardless of whether you are a registered or non-registered shareholder, you can also give your notice to the Chair of the meeting before the start of the meeting (or reconvened meeting if the meeting is postponed or adjourned), or send new instructions in any other manner permitted by law.

## How to vote at the virtual meeting

In order to mitigate the health risks to our shareholders, employees, and other stakeholders due to COVID-19, Sherritt has decided to continue to offer an option to attend the meeting virtually. The virtual meeting will be conducted via live audio webcast at <https://web.lumiagm.com/470870750>.

Attending the annual shareholder meeting online enables registered and non-registered shareholders to participate at, submit questions in writing and vote at the meeting, all in real time. Any voting member attending the meeting is eligible to ask questions. If you would like to ask a question, select the messaging icon found on the webcast display screen. If you are a non-registered shareholder who does not appoint themselves as proxyholder, then you may attend the meeting as a guest, but you will not be able to vote or ask questions at the meeting. Guests can attend the meeting by visiting <https://web.lumiagm.com/470870750>, clicking “I am a guest” and completing the online form.

If you attend the meeting online, it is important that you are connected to the internet at all times during the meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the meeting. It is recommended that you log in online at least 15 minutes before the meeting starts to allow ample time for online check-in procedures. Please note that if you lose connectivity once the meeting has commenced, there may be insufficient time to resolve your issue before ballot voting is completed. Even if you plan to attend the meeting, you should consider voting your shares in advance so that your vote will be counted in case you later decide not to attend the meeting or in the event that you experience any technical difficulties and are unable to access the meeting and vote for any reason. Please note that you cannot vote if you access the meeting by dialing in – voting at the meeting can only be done through the meeting portal.

## Voting instructions

Registered shareholders and duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as proxyholders) that attend the meeting online will be able to vote by completing an online ballot during the meeting through the live webcast platform.

Registered shareholders and duly appointed proxyholders who want to attend the meeting and vote online during the meeting should follow the instructions below:

**Step 1:** Log in online at <https://web.lumiagm.com/470870750> at least 15 minutes before the meeting starts. You will need the latest versions of Chrome, Safari, Edge or Firefox. *Please do not use Internet Explorer.* You can check your system's compatibility by visiting <https://www.lumiglobal.com/faq> for additional information. If you encounter technical difficulties, please contact Lumi at [support-ca@lumiglobal.com](mailto:support-ca@lumiglobal.com).

**Step 2:** Click “I have a control number” and then enter your control number and password “sherritt2022” (case sensitive) and complete an online ballot during the meeting. The control number is located on the proxy form or in the email notification you received from TSX Trust Company.

**Step 3:** Follow the on-screen instructions to vote once balloting commences.



### **Asking questions at the virtual meeting**

Sherritt believes that the ability to participate in the meeting in a meaningful way remains important despite the decision to hold this year's meeting virtually. It is anticipated that registered shareholders and proxyholders (including non-registered shareholders who have appointed themselves as proxyholders) will have substantially the same opportunity to ask questions on matters of business before the meeting as in past years when the annual shareholders meeting was held in person.

Questions received from shareholders which relate to the business of the meeting or to the affairs of Sherritt are expected to be addressed in the question and answer portion of the meeting. Such questions will be read by the Chair of the meeting or a designee of the Chair and responded to by a representative of Sherritt as they would be at a shareholders meeting that was being held in person. Similar to an in-person meeting, to ensure fairness for all attendees, Sherritt will retain the discretion to decide on the amount of time allocated to each question and will have the right to limit or consolidate questions and to reject questions that do not relate to the business of the meeting or to the affairs of Sherritt or which are determined to be inappropriate or otherwise out of order.

## BUSINESS OF THE MEETING

We must have quorum for the shareholder meeting to proceed and to transact business. Quorum is two or more persons present in person or by proxy, representing at least 25% of the votes entitled to be cast at the meeting.

There are five items of business to be covered at the meeting. We require a simple majority of votes cast for an item to be approved by shareholders, except for the election of directors. See below to read about our majority voting policy for election of directors. Voting results for our 2022 annual meeting will be posted on our website ([www.sherritt.com](http://www.sherritt.com)) and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

We are not aware of any director or executive officer at any time in 2021, or a director nominee or an associate or affiliate, having a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any item of business.

### 1. Receiving our 2021 financial statements

If you asked us to send you our annual financial statements for the year ended December 31, 2021, you should have already received a copy in a separate mailing. If you haven't received it, you can find a copy of our Management's Discussion and Analysis (MD&A) and Audited Consolidated Financial Statements in our 2021 Annual Report, which is available on our website ([www.sherritt.com](http://www.sherritt.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

### 2. Re-appointing our auditor and approving their compensation

You will vote on re-appointing Deloitte LLP, Chartered Professional Accountants, Licensed Public Accountants (*Deloitte LLP*) as our external auditor for the 2022 financial year and authorize the directors to set the auditor's compensation. Deloitte LLP has served as our auditor since November 1995.

The Board recommends that shareholders vote FOR the reappointment of Deloitte LLP to serve as external auditor of Sherritt for 2022 and to authorize the Board to set the auditor's compensation.

Deloitte LLP is independent of Sherritt and our subsidiaries within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The table below shows the fees paid to the external auditor for 2020 and 2021.

	2020	2021
<b>Audit fees</b>	\$2,590,000	\$2,310,450
For the audit of our annual consolidated financial statements and review of our quarterly consolidated financial statements and services normally provided for statutory and regulatory filings or engagements such as research of accounting and audit-related issues and assurance audits		
<b>Audit-related fees</b>	\$0	\$0
For assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported as audit fees		
<b>Tax-related fees</b>	\$147,000	\$106,000
For assistance and advice relating to the preparation of corporate income tax returns and expatriate services, other tax compliance and advisory services		
<b>Other fees</b>	\$0	\$0
Relating to training and development, and strategic consulting services.		
<b>Total</b>	<b>\$2,737,000</b>	<b>\$2,416,450</b>

### 3. Voting on our approach to executive compensation

Our executive compensation program is designed to pay for performance and align the interests of our executive team with the long-term interests of our shareholders.

We hold an annual advisory vote on “say on pay” to support good governance and to give shareholders the opportunity to approve our approach to executive compensation as described in this circular. Last year just 25.2% of our outstanding common shares were voted at the shareholders meeting and 20.9% of the outstanding shares, or 82.99% of the votes cast, were *for* our approach to executive compensation.

In 2021, we invited 20 of our largest shareholders representing 36% of our issued and outstanding shares at that time, to meet with our Chair of the Board and the Chair of the Human Resources Committee. Our two Chairs met with seven shareholders representing approximately 13% of our issued and outstanding shares. Sherritt extended its shareholder engagement program into 2022 in advance of its 2022 annual general meeting. Insights from these meetings provide valuable input to the Human Resources Committee and the Board when reviewing our compensation policies and practices. In response, we made several changes to the executive compensation program, which you can read about on page 46.

This year you will vote on the following resolution:

#### **RESOLVED THAT:**

*on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in Sherritt’s management information circular delivered in connection with the 2022 annual meeting of shareholders.*

While this vote is non-binding on the Board, the Board will review the results and feedback it receives when reviewing executive compensation in the future.

If a significant number of shares are voted against the resolution, the Board will review our executive compensation program and any concerns expressed by shareholders and discuss the steps it took following the outcome and any changes being implemented as a result in next year’s circular.

### 4. Electing our directors

The Board has determined that seven directors will be elected to the Board this year to serve a term of one year until the end of our 2023 annual meeting, unless a director resigns or otherwise leaves office.

You will be asked to elect the following nominees as directors. Each of them currently serves on our Board, is qualified and experienced, and has expressed his or her willingness to serve another term.

You can vote for all, vote for some and withhold your vote for others, or withhold your vote for all of the nominees:

- |                          |                  |
|--------------------------|------------------|
| 1. Maryse Bélanger       | 5. Chih-Ting Lo  |
| 2. Leon Binedell         | 6. Lisa Pankratz |
| 3. Dr. Peter Hancock     | 7. John Warwick  |
| 4. Sir Richard Lapthorne |                  |

Management does not contemplate that any of the nominees will be unable, or for any reason become unwilling, to serve as a director. If for any reason this happens before the meeting, the persons named in your proxy form or voting instruction form have the right to vote for another nominee, at their discretion, unless you have specified in your proxy form or voting instruction form that your shares are to be withheld from voting in the election of any of the directors.

The Board recommends that shareholders vote FOR our approach to executive compensation.

Please take some time to read about our executive compensation program and 2021 pay decisions starting on page 34 before you vote your shares.

The Board recommends that shareholders vote FOR each of the nominated directors.

You can read about the nominated directors beginning on page 11.

**Majority voting policy**

Shareholders can vote FOR or WITHHOLD from voting separately for each director nominee.

Our majority voting policy, which was adopted in 2009 and amended in 2016, requires that a nominee who receives more “withhold” votes than “for” votes at a shareholder meeting must submit his or her resignation to the Board immediately after the meeting. The Nominating and Corporate Governance Committee will review the matter and accept the resignation unless there are exceptional circumstances that would warrant the director to continue serving on the Board.

The Board will announce its decision in a press release within 90 days, including the reasons for accepting or rejecting the resignation, and also provide a copy to the Toronto Stock Exchange (TSX). The resignation will take effect when it is accepted by the Board. The director does not participate in any discussions or vote on the matter.

The policy only applies in an uncontested meeting where the number of director nominees matches the number of board seats available.

**5. Considering any other business properly brought before the meeting**

As of the date of this circular, the directors and management are not aware of any amendments, variations or other matters that may be brought before the meeting (or any adjournment or postponement).

If this happens, your proxyholder has discretionary authority to vote on the matters as they see fit.

**Shareholder proposals for next year’s annual meeting**

The CBCA allows eligible shareholders to submit shareholder proposals to us. We must receive shareholder proposals for our 2023 annual meeting by **February 20, 2023** to consider including them in next year’s management information circular.

## ABOUT THE NOMINATED DIRECTORS

We have a strong, independent Board. Six of the seven nominated directors (86%) are independent, including our Board Chair. Leon Binedell is not independent because he also serves as our President and Chief Executive Officer.

All seven nominated directors have committed to serving on the Board for a one-year term, and all of these directors currently serve on our Board. Each is qualified and experienced and brings a strong mix of skills and experience across disciplines and industry sectors.

INDEPENDENCE <b>86%</b> are independent	GENDER DIVERSITY <b>43%</b> are women	GEOGRAPHIC DIVERSITY <b>86%</b> Canada
AVERAGE AGE <b>59</b> years	AVERAGE TENURE <b>4</b> years	<b>14%</b> International

### 2021 attendance

The table below is a summary of the Board and committee meetings held in 2021 and the attendance of the nominated directors. You can read about each director's attendance record on page 29.

	Number of meetings	Overall meeting attendance
Board of directors	10	90%
Audit Committee	6	100%
Human Resources Committee	5	100%
Nominating and Corporate Governance Committee	7	88%
Reserves, Operations and Capital Committee	8	100%

*Note: In 2021, the Environment, Health, Safety and Sustainability Committee was consolidated into the Reserves, Operations and Capital Committee.*

You can read more about the nominated directors in the profiles that follow, including their background and experience, 2021 meeting attendance, compensation and voting results as well as their equity ownership and other directorships.

Information about the Sherritt equity each nominee owns beneficially or exercises control or direction over has been provided by each nominee. Non-executive directors receive an equity retainer in deferred share units (DSUs), which are notional units that track the value of Sherritt common shares and earn dividend equivalents at the same rate as dividends paid on our common shares. The value shown in each director profile is calculated by multiplying the number of units/shares held by the director by the higher of the grant/purchase price or the closing price of our common shares on the TSX on December 31, 2021 (\$0.41).

**Qualified and experienced nominees**

**100%**

Experience in mining/resource industry, international business or capital projects

**100%**

Experience in risk management and evaluation

**57%**

Financially literate or have experience in financial reporting, finance or mergers and acquisitions

**57%**

Experience in human resources or executive compensation

## LEON BINEDELL

President and  
Chief Executive Officer,  
Sherritt International Corporation  
Not independent



**Residence:** Ontario, Canada

**Age:** 48

**Director since:** June 1, 2021

**2021 attendance:** 100%

**2021 vote:** n/a

### Areas of expertise

- Mining/Resource industry
- International business
- Capital projects
- Enterprise management
- Financial literacy and reporting
- Corporate governance
- Risk management and evaluation
- Finance/M&A
- Government relations
- Board leadership

### Business experience

Leon Binedell has 25 years of industry experience in leading global companies and adjacent joint ventures. Most recently, he worked as Chief Financial Officer of Guyana Goldfields Inc., a Canadian-based gold producer focused on gold deposits in Guyana. During his tenure, Mr. Binedell was instrumental in maximizing shareholder value and ensured stability through the effective recruitment of team members, the renegotiation of all major operating and supply contracts and the development of finance and governance practices that guided Guyana Goldfields Inc., through its successful sale. Prior to joining Guyana Goldfields Inc., he served as Finance Operating Executive with Resource Capital funds, a leading private equity fund focused on the mining sector and the commercialization of mining innovation. Additional sector experience includes his time as National Leader of Finance Consulting in Mining & Energy at PricewaterhouseCoopers LLP, General Manager of Business Services at Xstrata Nickel (now Glencore) and Chief Financial Officer at Koniambo Nickel SAS.

### Other public company boards in the past five years

None

### Other boards

None

### Public board interlocks

None

### Education

Chartered Accountant

Chartered Professional

Accountant

### Equity ownership

Shares: 199,739

Performance share units: 621,142

Restricted share units: 641,142

Total value: \$755,098

Has until June 2026 to meet his equity ownership requirement as President and CEO (see page 31).

## SIR RICHARD LAPTHORNE

Chair  
Corporate Director  
Independent



**Residence:** Buckinghamshire, UK

**Age:** 77

**Director since:** September 14, 2011

**2021 attendance:** 100%

**2021 vote:** 94.34% for

### Areas of expertise

- International business
- Government relations
- Capital projects
- Enterprise management
- Financial literacy and reporting
- Corporate governance
- Operations
- Human resources/Executive compensation
- Risk management/evaluation
- Finance and M&A
- Board leadership

### Business experience

Sir Richard Laphorne has served as a Finance Director or as Chairman of various FTSE 100 and non-quoted companies in the United Kingdom since 1986. He was Finance Director of Courtaulds plc from 1986 until 1992 as well as Finance Director of British Aerospace plc from July 1992 and Vice Chairman from April 1998 until his retirement in 1999. From 1996 to May 2003 he was Chairman of Amersham International plc (now GE Healthcare), joining the board as a non-executive director in 1989. After he floated Orange plc for British Aerospace in 1996 he was appointed a non-executive director until it was sold to Mannesmann in 1999. He then became a non-executive director again in 2001-2003 after it was acquired by France Telecom. He was also Chairman of Cable Wireless from 2003 until 2016. His non-quoted appointments included Chairman of PWC's UK Public Advisory Board, McLaren and New Look, and positions with Flemings Bank and JP Morgan. A keen gardener he was a trustee of the Royal Botanic Gardens, Kew from 1998 until 2004, of which from 2004 until 2009 he served as the nominee of Her Majesty the Queen.

### Other public company boards in the past five years

CPP Group plc.

Cable & Wireless Communications plc (Chairman) (2003 to 2016)

Cable & Wireless plc. (Chairman) (2003 to 2016)

### Other boards

None

### Public board interlocks

None

### Education and distinctions

Fellow, Chartered Institute of Management Accountants (UK)

Fellow, Chartered Association of Certificated Accountants (UK)

Bachelor of Commerce, Liverpool University, England

Knighthood for services to the telecommunications industry

### Equity ownership

Shares: 290,500

Deferred share units: 748,287

Total value: \$1,107,875

Meets his equity ownership requirement (see page 31).

## MARYSE BÉLANGER

Deputy Chair  
Corporate Director  
Independent



**Residence:** British Columbia, Canada

**Age:** 60

**Director since:** February 7, 2018

**2021 attendance:** 100%

**2021 vote:** 97.03% for

### Areas of expertise

- Mining/Resource industry
- International business
- Government relations
- Capital projects
- Reserve evaluation
- Enterprise management
- Operations
- Human resources/Executive compensation
- Environment, health, safety and sustainability
- Risk management/evaluation
- Board leadership

### Business experience

Maryse Bélanger has more than 30 years of experience in the global mining sector with proven strengths in operational excellence, technical services and efficiency. She is currently Chair of IAMGOLD Corporation. Ms. Bélanger also sits on the board of directors and the ESG committee of Equinox Gold Corporation and is a director of Pure Gold Mining. Previously, Ms. Bélanger served as the Chief Operating Officer of Atlantic Gold Corporation until its acquisition by St Barbara Limited.

### Other public company boards in the past five years

IAMGOLD Corporation (March 2022 to Present)

Equinox Gold

Plateau Energy Metals (member, Compensation Committee) (a role which she anticipates leaving on or before June 30, 2021)

Pure Gold Mining

Kirkland Lake Gold Inc. (2016 to 2017)

Newmarket Gold (acquired by Kirkland Lake Ltd. in 2016) (2016)

Mirabela Nickel (2014 to 2016)

True Gold (acquired by Endeavor in 2016) (2015 to 2016)

### Other boards

None

### Public board interlocks

None

### Education and distinctions

#### Education

Bachelor of Science (Geology) (Université du Québec à Chicoutimi)

Graduate certificate in Geostatistics (MINES ParisTech)

### Equity ownership

Shares: 300,000

Deferred share units: 1,113,437

Total value: \$620,581

Meets her equity ownership requirement (see page 31).

## DR. PETER HANCOCK

Corporate Director  
Independent



**Residence:** Nova Scotia, Canada

**Age:** 58

**Director since:** November 10, 2021

**2021 attendance:** 100%

**2021 vote:** n/a

### Areas of expertise

- International business
- Capital projects
- Enterprise management
- Mining/Resource industry
- Environment, health, safety, and Sustainability
- Corporate governance
- Operations
- Risk management/evaluation
- Board leadership
- Board leadership

### Business experience

Dr. Peter Hancock is currently advising companies in the mining and metals sector and has held several senior leadership positions at leading mining companies around the world over his 34-year career, including overseeing Glencore's nickel assets in Australia, serving as President of Koniambo Nickel SAS in New Caledonia, and overseeing Technology and Business Development at Noranda's Zinc Business in Canada.

### Other public company boards in the past five years

None

### Other boards

None

### Public board interlocks

None

### Education and distinctions

Ph.D in Metallurgical Engineering, McGill University

Masters of Applied Science, Technical University of Nova Scotia

Bachelor of Engineering, Technical University of Nova Scotia

(Dalhousie University)

### Equity ownership

Shares: 100,000

Deferred share units: 0

Total value: \$41,000

Has until November 2026 to meet his equity ownership requirement (see page 31).



## CHIH-TING LO

Corporate Director  
Independent

**Residence:** British Columbia, Canada

**Age:** 41

**Director since:** March 1, 2022

**2021 attendance:** n/a

**2021 vote:** n/a



### Areas of expertise

- Mining/Resource industry
- International business
- Capital projects
- Enterprise management and sustainability
- Risk management/evaluation

### Business experience

Ms. Chih-Ting Lo is the founder and President of EELO Solutions, a management consulting firm specializing in the development of strategic plans and technical solutions focused on reducing greenhouse gas emissions. Over the past 18 years, she has worked with a number of mining companies, public utilities, and government agencies to innovate and to improve their carbon footprint and sustainability practices. She is currently Board Vice Chair at the Metro Vancouver Zero Emissions Innovation Centre, a federally seeded impact investment fund to catalyze, accelerate and scale climate action innovation.

### Other public company boards in the past five years

None

### Other boards

Metro Vancouver Zero Emissions Innovation Centre (Vice Chair)

Centre for Excellence in Mining Innovation (Member)

Mineshift (Member)

### Public board interlocks

None

### Education

Professional Engineering designation from Engineers and Geoscientists, BC

Masters of Science, Chemical Engineering, Queen's University

Bachelor of Applied Science, Chemical Engineering, University of British Columbia

### Equity ownership

Shares: 0

Deferred share units: 0

Total value: \$0

As she was appointed March 1, 2022, she has until March 2027 to reach her equity ownership requirement (see page 31).

## LISA PANKRATZ

Corporate Director  
Independent

**Residence:** British Columbia, Canada

**Age:** 61

**Director since:** November 13, 2013

**2021 attendance:** 100%

**2021 vote:** 93.38% for



### Areas of expertise

- International business
- Capital projects
- Enterprise management
- Financial literacy and reporting
- Corporate governance
- Operations
- Human resources/Executive compensation
- Risk management/evaluation
- Finance and M&A
- Board leadership

### Business experience

Lisa Pankratz has over 30 years of experience in the investment industry and capital markets in both executive and advisory capacities, working with multinational and international companies. For over 20 years, she has served as a board member of corporations in the financial services and global media industries. Ms. Pankratz currently serves as Chair of the board of UBC Investment Management Trust Inc. and of the HSBC Independent Review Committee for HSBC Global Asset Management (Canada) Limited. She previously served on the boards of IA Clarington Investments, the Canadian Museum for Human Rights, Canwest Media, Inc., The Insurance Corporation of British Columbia, and was a member of the Accounting Policy and Advisory Committee advising the Ministry of Finance for the Province of British Columbia. From 2006 to 2010, she was the President of Mackenzie Cundill Investment Management Ltd., and from 2002 to 2006 was the President, Chief Compliance Officer and Director of Cundill Investment Research Ltd. and the Chief Compliance Officer of The Cundill Group.

### Other public company boards in the past five years

None

### Other boards

UBC Investment Management Trust Inc. (Chair)

HSBC Independent Review Committee, HSBC Global Asset Management (Canada) Limited

Friends of the Canadian Museum for Human Rights

Vancouver Foundation (member of Investment Committee and Audit and Finance Committee)

### Public board interlocks

None

### Education and distinctions

Fellow, Institute of Chartered Professional Accountants of British Columbia, Chartered Financial Analyst

Honours Bachelor of Arts in Business Administration, Richard Ivey

School of Business, University of Western Ontario

### Equity ownership

Shares: 29,300

Deferred share units: 726,080

Total value: \$684,826

Meets her equity ownership requirement (see page 31).



## JOHN WARWICK

Corporate Director  
Independent



**Residence:** Ontario, Canada

**Age:** 68

**Director since:** June 13, 2017

**2021 attendance:** 100%

**2021 vote:** 96.24% *for*

### Areas of expertise

- Mining/Resource industry
- International business
- Capital projects
- Enterprise management
- Financial literacy and reporting
- Human resources/Executive compensation
- Risk management/evaluation
- Finance and M&A
- Board leadership

### Business experience

John Warwick is a special advisor to Paradigm Capital Inc. He was previously the Managing Director, Investment Banking, founding partner and Head of Corporate Finance of Paradigm Capital Inc., where he advised and assisted companies on financing and capital structure matters. Prior to 1999, he was Executive Vice President and Vice Chairman of Gordon Capital Corporation and previously a mining analyst at Gardner Watson, and at Burns Fry, where he was a top-ranked base metals analyst.

### Other public company boards in the past five years

NorZinc Ltd. (previously Canadian Zinc Corporation) (Board Chair, member, Nominating and Governance Committee and Compensation Committee and Health, Safety, Social and Environment Committee)

### Other boards

None

### Public board interlocks

None

### Education

MBA, University of Toronto  
Chartered Financial Analyst

### Equity ownership

Shares: 100,000

Deferred share units: 1,158,865

Total value: \$706,020

Meets his equity ownership requirement (see page 31).

### Other information about the directors

June 2014 to June 2016, Maryse Bélanger was the Chief Executive Officer and a member of the board of directors of Mirabela Nickel Limited (Mirabela). In September 2015, Mirabela filed for voluntary administration in Australia. Under the rules of the Australian Stock Exchange, there is a requirement for the directors of a listed company to confirm the entity will be a going concern for at least 18 months looking forward. The significant decline in nickel prices and Mirabela's inability to secure third-party financing that it had been discussing with potential financiers made it economically impossible for Mirabela to continue trading. As a result, the board of directors of Mirabela decided to enter into voluntary administration.

## GOVERNANCE

At Sherritt, we believe that sound corporate governance is critical to earning and retaining the trust of our shareholders, and other stakeholders.

Our governance practices reflect the vision and priorities that we promote as a company and support ethical behaviour and high performance standards throughout the organization – all critical elements for improving overall company performance.

### Where to find it

- 17 About the Board
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# ABOUT THE BOARD

## Board structure

<b>Shareholders</b>	Elect the Board for a term of one year. See page 10 for our majority voting policy.
<b>Board of directors</b>	Responsible for governance and stewardship of the company, and accountable to Sherritt shareholders. You can find a copy of the Board's mandate in Appendix A and on our website ( <a href="http://www.sherritt.com">www.sherritt.com</a> ).
<b>Board Committees</b>	<p>Established by the Board to help carry out its responsibilities:</p> <ul style="list-style-type: none"><li>• Audit Committee</li><li>• Human Resources Committee</li><li>• Nominating and Corporate Governance Committee</li><li>• Reserves, Operations and Capital Committee</li></ul> <p>The Committees provide expertise and resources in specific areas, enhance the quality of discussion at board meetings and facilitate decision-making. All five Committees are made up of independent directors. The Board and its committees each meet in camera (without management present) at every in-person meeting.</p> <p>In 2021, there were four in-camera meetings of the Board, five of the Human Resources Committee, four of the Nominating and Corporate Governance Committee and the Audit Committee, two of the Environment, Health, Safety &amp; Sustainability Committee before it was consolidated into the Reserves, Operations and Capital Committee, and four of the Reserves, Operations and Capital Committee.</p> <p>Each committee meets and operates independently of management. Membership is reviewed annually and members are selected by the Board on the recommendation of the Nominating and Corporate Governance Committee. You can read about each committee beginning on page 22 .</p> <p>Committee mandates are reviewed annually and approved by the Board, and are posted on our website (<a href="http://www.sherritt.com">www.sherritt.com</a>).</p>

The Board is responsible for overseeing the management of the business and our affairs. Our articles stipulate that our Board must have three to 15 directors. The Board is authorized to set the number of directors from time to time in accordance with our by-laws and a special resolution of shareholders.

This year the Board will consist of eight members and each director is qualified and experienced in business and sound corporate governance practices. The Board has a written mandate that sets out its purpose, responsibilities and composition. A copy of the mandate is in Appendix A starting on page 77 .

The Board has delegated certain responsibilities to its four standing committees to help it fulfill its responsibilities. The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board about our approach to corporate governance including the annual review of our governance policy.

## Independence

The majority of our Board is independent – all of our directors are independent except Leon Binedell, because he also serves as our President and Chief Executive Officer.

We determine independence of our directors using the definition set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices (NI 58-101)*. A material relationship exists if the Board believes that a relationship could be reasonably expected to interfere with the director's independent judgment and is deemed to exist under certain prescribed circumstances set out in NI 58-101.

### About conflicts of interest

A director who has a real or perceived conflict of interest about a matter under consideration is required to recuse him or herself from all Board deliberations or discussions on the matter.

## Meeting in camera

The independent directors meet in camera without management present at every meeting of the Board and at other times as necessary. The Board Chair chairs these meetings.

Our board committees consist of independent directors and they also meet in camera at each in-person committee meeting and as often as necessary. Committees operate independently of management in fulfilling their mandates and making recommendations to the Board.

The Audit Committee meets separately with the external and internal auditor at least once every quarter without management present to discuss our financial affairs and conclusions from internal audits.

Committee Chairs update management on the substance of the in camera meetings if action is required.

## Position descriptions

We have formal position descriptions for key leadership roles including the Board Chair, committee Chairs and the President and Chief Executive Officer.

### Board Chair

The Board Chair provides leadership to the Board and is responsible for effectively managing the affairs of the Board and ensuring that it functions efficiently. The Board Chair, if independent, also advises the President and Chief Executive Officer on all matters concerning the interests of Sherritt, the Board and the relationships between management and the Board.

### Committee Chairs

The Chair of each Board Committee is responsible for leading their Committee in fulfilling its duties and responsibilities as set out in the Committee's mandate. The Committee Chair reports to the Board at its next meeting, updating the Board on any decisions or recommendations reached by the Committee and its considerations in the process.

### President and Chief Executive Officer

The President and Chief Executive Officer has primary responsibility for the management of the business and our affairs in accordance with our corporate strategy and objectives approved by the Board and within the limitations of authority determined by the Board.

#### Where to find the position descriptions

You can find a copy of the position description for the Board Chair in Appendix B on page 80 . The position descriptions for the Chairs of each of the Board's four standing committees and the President and Chief Executive Officer are available on our website ([www.sherritt.com](http://www.sherritt.com)).

## THE ROLE OF THE BOARD

The Board is responsible for overseeing the management of our business and our affairs.

### Corporate governance

Sound corporate governance practices are essential to the well-being of Sherritt and the promotion and protection of our shareholders' interests. The Board oversees our governance framework, in part, through the work of the Nominating and Corporate Governance Committee.

The Board promotes fair reporting, including financial reporting, to shareholders and other stakeholders as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. The Board believes that Sherritt is best served by a board that is informed and engaged and functions independently of management.

We comply with the rules and regulations that apply to us as a Canadian public company including National Instrument 58-101 – Disclosure of Corporate Governance Practices and National Policy 58-201 – Corporate Governance Guidelines.

### Strategic direction

The Board, with the assistance of its committees, is responsible for assessing and approving our strategic plan and the annual business plans developed and proposed by management. The Board provides input and advice about strategic opportunities, as well as issues and concerns relating to risk.

The Board is also responsible for approving our business and operational policies which govern our approach to capital expenditures, acquisitions and dispositions, disclosure and communications, finance and investment, risk management and human resources. It also reviews our processes to assess and manage risk and discusses this with management. Management updates the Board on our principal risks at each regularly scheduled board meeting.

### Risk oversight

The Board is responsible for overseeing how management assesses and manages risk, including identification of principal risks and appropriate systems to manage them. The Audit Committee ensures that management adequately identifies, manages, monitors and discloses risks that could impact our financial results and reporting. The Human Resources Committee assists the Board in fulfilling its oversight responsibilities in relation for compensation risk. The Reserves, Operations and Capital Committee assists the Board in oversight of operating and capital expenditures, as well as reviews and oversees the management of environment, health and safety, security and sustainability risks on behalf of the Board.

Our principal risks range from market conditions, including commodity risks and securities market fluctuations and price volatility, liquidity and access to capital, identification and management of growth opportunities, sourcing and supply risks, to operating, jurisdictional and political risks, including without limitation operations in Cuba and related U.S. Government policy towards Cuba, risks associated with our joint venture, depletion of reserves, commodity risk, climate change and greenhouse gas emissions, labour relations and environment, health and safety, among other things, together with risks associated with infectious diseases (COVID-19). You can read more about our risk factors in our 2021 Annual Information Form and our MD&A for the year ended December 31, 2021 on our website ([www.sherritt.com](http://www.sherritt.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

Sherritt's divisions each compile a risk register based on a common matrix, which is reviewed by the Senior Management of the division. The risk registers form the basis of the Enterprise Risk Management (ERM) report which is presented quarterly to the senior executive team by Finance. Finance also reviews external publications on risks and emerging risks related to the mining industry.

The ERM report contains information about the *top known risks* (those that could have an impact on our financial strength, strategic position or reputation) and *other risks being monitored*, as identified in the risk register and by Finance. The final ERM report is presented twice a year to the Board and includes a description of each top known risk, a discussion of the context of the risk, an action plan to manage the risk, board accountability and an update on the steps management has taken to address the

risk. The significant known risks are listed for the purpose of discussion. As part of its annual risk assessment, Finance also reviews the top known risks and significant known risks against the Internal Audit plan.

## Management succession planning

The Human Resources Committee is responsible for succession planning and uses a multi-year, talent management framework managed by human resources.

The Human Resources Committee reviews the succession plan for the CEO position annually and discusses its review and recommendations with the Board without Mr. Binedell present. The Human Resources Committee meets annually with the Chief Human Resources Officer to review other key management positions and the development of our leadership talent.

The succession process includes reviewing our talent pool by several criteria including the hiring, selection and de-selection process, analysis of average age and years of service, gender representation, time in the role and performance. The review includes all key positions including our divisions and as well as finance, legal, human resources and other functional areas. Mr. Binedell provides input and feedback to the Human Resources Committee on the positions that report directly to the CEO role.

## Leadership diversity

Our diversity and inclusion policy also makes diversity one of the criteria that senior management considers in evaluating the suitability of candidates for all positions.

In 2016, we established diversity and inclusion as a strategic priority, and in 2019, we launched a five-year diversity and inclusion global framework, setting out our multi-year plan to achieve stated goals. Although the initial focus of our diversity and inclusion initiative strategy was gender, recent events with respect to racism have highlighted the need for us to re-evaluate our strategy to ensure we are acknowledging and addressing any systemic issues that impede our desire to be an inclusive and respectful workplace. Sherritt's divisions finalized site-level diversity and inclusion plans in support of the global framework and established divisional implementation committees in 2019. In addition, Sherritt announced that it will target doubling the percentage of women in our organization from 18% to 36% by 2030. In 2021, Sherritt continued its multi-year effort to increase its understanding of related diversity and inclusion challenges and opportunities, improve diversity literacy internally, align business processes and structures to be more inclusive, develop and implement a metrics framework, and ultimately improve performance in this area.

Sherritt is a member of Catalyst, an organization working to help accelerate progress for women in the workplace.

We currently have one female executive officer representing 14.3% of the executive team (taking into account our Chief Operating Officer's retirement), and one female employee at the Vice President level representing 14.3% of employees at that level. One of our executive officers self-identifies as a member of a visible minority and one of the directors on the Board self-identifies as a member of a visible minority.

The Board has not set targets for the number of women, visible minorities, persons with disabilities, or persons with Aboriginal status in senior management positions. The United States' embargo on Cuba has made it difficult for us to attract and retain highly qualified individuals to serve in senior management positions, so we must maintain the greatest flexibility in our recruitment process. However, we will continue to monitor the level of diversity in senior management and consider whether it would be appropriate to include formal targets for the representation of these groups in the future.

## Disclosure and communications

We are committed to communicating with shareholders and the public openly and in a timely way and complying with legal and regulatory requirements including our continuous disclosure obligations under securities laws.

### Disclosure policy

We have enterprise-wide policies that safeguard confidential information, protect material information about the company and guide our disclosure practices, among other things.

Our timely disclosure and confidentiality policy ensures that material information about Sherritt is disclosed in a timely, consistent, fair and factually accurate manner and applies to all methods and forms of communication.

## **Disclosure Committee**

Our Disclosure Committee (or in certain cases, one of its members) reviews and approves all news releases and public filings with securities regulators and stock exchanges before being released, as well as all written, electronic and oral statements for public dissemination that may or may not include material information.

The Disclosure Committee is chaired by the Senior Vice President, General Counsel & Corporate Secretary and includes the Chief Financial Officer, Chief Commercial Officer and the Director, Investor Relations and External Communications as members.

Each board committee reviews the public disclosure relevant to its mandate, before it is reviewed and approved by the Board. For example, all press releases and public filings disclosing financial information are reviewed by the Audit Committee, including the annual and interim financial statements and MD&A.

We also have mechanisms in place to evaluate the design and effectiveness of our disclosure controls.

## **Shareholder engagement**

We communicate with shareholders in various ways, including through our website, disclosure documents and management's quarterly conference calls with analysts, which shareholders and the public can access. Specific shareholder inquiries are handled by our Investor Relations group. Management also interacts with investors through conferences held by various dealers as well through non-deal roadshow meetings. Investor meetings in 2021 were mostly held electronically on account of COVID-19 and the frequency limited.

Sherritt also has a dedicated shareholder outreach program whereby the Chair of the Board and the Chair of the Human Resources Committee meet with shareholders to discuss strategy, governance and compensation matters. The program was initiated in 2016, and the Corporation receives a positive response from shareholders every year. In 2021, Sherritt reached out to 20 of its largest shareholders representing 36% of the Corporation's issued and outstanding shares.

In 2021, the Chair of the Board and the Chair of the Human Resources Committee met with seven shareholders, representing approximately 13% of the Corporation's issued and outstanding shares, as well as one proxy advisory firm, Institutional Shareholder Services. Sherritt extended its shareholder engagement program into 2022 in advance of its 2022 annual general meeting. Discussions were engaging and ranged from questions and comments on Sherritt's strategy and performance, outlook of the nickel and cobalt markets, impact of the change in U.S. administration on relations with Cuba, and executive compensation and incentive plan metrics, all of which provided important context for our work in preparing this year's circular. The insights from the meetings also provide valuable input to the Human Resources Committee and the Board when reviewing our policies and practices. In addition feedback from shareholder meetings is also used to enhance disclosure materials developed by Sherritt in an effort to increase transparency, and to better understand operational and financial performance.

## **Communicating with the Board**

The Board welcomes input from shareholders at any time. If you wish to contact the Board or any of the committees, please send your note to the Senior Vice President, General Counsel & Corporate Secretary:

Board of Directors of Sherritt International Corporation  
c/o Senior Vice President, General Counsel & Corporate Secretary  
Sherritt International Corporation  
Bay Adelaide Centre, East Tower  
22 Adelaide Street West, Suite 4220  
Toronto, ON M5H 4E3

## BOARD COMMITTEES

The Board has four standing committees and each is made up of independent directors. The committees operate independently of management and have their own mandates which set out their duties and responsibilities. The committee Chairs are responsible for leading their committee and ensuring that they fulfill the committee's mandate. Committee mandates are posted on our website ([www.sherritt.com](http://www.sherritt.com)). Board committees can retain special counsel or consultants up to \$150,000. Fees exceeding this amount must be approved by the Board.

### Audit Committee

Independent: 100%  
Meetings in 2021: 6

Members:  
Lisa Pankratz, FCPA, FCA, CFA (Chair since June 13, 2017)  
Sir Richard Laphorne, John Warwick

The Audit Committee is responsible for ensuring the integrity and accuracy of Sherritt's financial and ESG reporting and disclosure controls and procedures. This includes reviewing our financial and related disclosure and overseeing compliance with legal and regulatory requirements relating to financial reporting, the external auditor's qualifications and independence, and the performance of the internal and external auditors.

The Audit Committee also oversees management of our principal financial and business risks, our internal controls, our tax status, the adequacy of our insurance coverage, among other things. It also approves the external audit plan and the nature and fees of non-audit services and recommends the external auditors to the Board.

Additionally, the Audit Committee is responsible for overseeing cybersecurity risk, information security, and technology risk as well as management actions to identify, assess, mitigate and remediate material issues. The Audit Committee receives regular quarterly reports from Internal audit and at least annually, the Board reviews and discusses the company's Cyber Security Program.

Each member is financially literate within the meaning of National Instrument 52-110 – *Audit Committees*.

Some members of the Audit Committee are also members of the Human Resources Committee to ensure alignment of discussions and decisions.

You can find more information about the Audit Committee in our 2021 Annual Information Form on our website ([www.sherritt.com](http://www.sherritt.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).



## Human Resources Committee

Independent: 100%  
Meetings in 2021: 5

Members:  
Adrian Loader (Chair since June 13, 2017)  
Lisa Pankratz, John Warwick, Peter Hancock

The Human Resources Committee oversees our director and executive compensation, in addition to the human resources strategic plan, incentive compensation plans, performance assessment of the executive team, retirement benefits and succession planning. It also establishes our compensation policies and oversees executive compensation risk.

The Committee reviews director compensation to ensure that it continues to be appropriate for the duties, responsibilities and risks of being a director and stays competitive with the market and makes recommendations to the Board as appropriate.

The Committee also makes recommendations to the Board about executive compensation including the program structure, balance of fixed and variable elements of compensation, terms and conditions of employment, incentive plan design, performance evaluations for our senior executive officers, compensation decisions and management succession planning. It oversees our retirement plans through the work of the Management Retirement Committee.

The Human Resources Committee meets with its independent advisor without management present and the external advisor attends all regular committee meetings to provide advice and counsel. Management is invited to attend committee meetings to present recommendations and updates.

Some of the members of the Human Resources Committee are also members of the Audit Committee and the Reserves, Operations and Capital Committee to ensure alignment of discussions and decisions.

## Nominating and Corporate Governance Committee

Independent: 100%  
Meetings in 2021: 7

Members:  
Sir Richard Laphorne (Chair since May 23, 2013)  
Maryse Bélanger, Adrian Loader, Lisa Pankratz, John Warwick,  
Peter Hancock, and Chih-Ting Lo

The Nominating and Corporate Governance Committee oversees all governance matters and establishes our corporate governance policies and practices. It is also responsible for identifying new candidates for nomination or appointment to the Board.

The Nominating and Corporate Governance Committee makes recommendations to the Board about the size, composition and mandates of the Board and committees, the qualifications of director candidates and nominees, board succession, the board assessment process and position descriptions or terms of reference for the President and Chief Executive Officer, Board Chair and Chair of each Board committee.

The Nominating and Corporate Governance Committee also oversees director orientation and continuing education, all proposed related party transactions and situations for potential conflicts of interest, and it reviews our code of business conduct and ethics.

## Reserves, Operations and Capital Committee

Independent: 100%  
Meetings in 2021: 8

Members:  
Peter Hancock (Chair since March 24, 2022)  
Maryse Bélanger, Adrian Loader, and Chih-Ting Lo

The Reserves, Operations and Capital Committee is responsible for reviewing our mineral reserves (including oil and gas reserves) and those of affiliated and related entities. It also oversees the availability, maintenance, growth and integrity of our reported reserve base, including any additional potential reserves.

The Reserves, Operations and Capital Committee reviews the selection criteria and appointment of our designated qualified persons, the report of the qualified persons and the disclosure of our annual reserves and resources information, the annual reconciliation of reserves to mine production, our internal controls and disclosure controls and procedures relating to reserves and resources estimation.

The Reserves, Operations and Capital Committee receives reports from management on all material matters related to reserves and resources estimation, industry standards and regulations about the estimation and publication of reserves and resources and developments and monitors steps by management to manage our risk exposures. It also reviews our procedures relating to the disclosure of information on oil and gas activities, the selection of the qualified reserves evaluators or auditors selected to report to the Board on our oil and gas reserves and resource data, and our annual reserves and resource estimates prior to disclosing publicly.

With respect to its responsibility for overseeing production and related activities, the Committee reviews, monitors and oversees our ongoing production and related operations to enhance alignment with Sherritt's strategic objectives and initiatives.

The Committee is also responsible for reviewing, monitoring and overseeing the management of our major capital projects and expenditures on a worldwide basis which have or may have a material impact on Sherritt. The Committee also oversees our environment, health and safety, security and other sustainability management systems, policies, programs and targets.

The Committee makes recommendations to the Board about the scope of environment, health and safety, security and sustainability risks to our operations and future growth, voluntary commitments we have made in this area, and compliance with legal and regulatory requirements. It also monitors legislative trends, domestic and international norms, stakeholder expectations and industry best practices and reviews sustainability information and performance data, corporate-level audits and management response and plans, our crisis management plan and our annual sustainability report.

The Committee ensures its assessment of controls to manage environment, health and safety, security and sustainability risks aligns with the Audit Committee's oversight of internal controls.

Although overall responsibility for Sherritt's ESG strategy and initiatives rests with our Board, the Committee assists the Board to carry out these responsibilities.

A member of the Reserves, Operations and Capital Committee is a member of each of the Human Resources Committee and Audit Committee to ensure alignment of discussions and decisions.

## BOARD COMPOSITION

Our goal is to assemble a high performing board with a diversity of skills, background and experience to ensure that the Board can carry out its responsibilities effectively. Our directors are strong leaders in their field (ideally from an industrial background with experience in mining, energy, operations or large capital-intensive industry) have strong experience in either corporate strategy and/or operations, can engender trust and respect in the boardroom and bring diversity to the Board.

The individual skills, knowledge and experience of individual directors complement those of their colleagues on the Board. This provides diversity, balance of views and perspectives, ensures well informed oversight and thoughtful exchange with management.

### Diversity

We recognize the value of diversity and inclusion and believe that we benefit from the insight, innovation and good judgment that comes from including a variety of perspectives in the decision-making and strategic planning process. Our diversity and inclusion policy makes diversity of the Board one of the criteria that the Nominating and Corporate Governance Committee considers in recruiting and selecting director candidates.

We recently revised our diversity and inclusion policy to formally acknowledge the designated groups specifically identified under recent amendments to the *Canada Business Corporations Act*, including women, Aboriginal peoples, persons with disabilities and members of visible minorities. The amended and expanded diversity and inclusion policy reflects our commitment to promoting a diverse and inclusive work environment. The Nominating and Corporate Governance Committee audits compliance with the diversity and inclusion policy as it relates to the recruitment and selection of potential directors, tracks the progress the company has made in achieving the objectives of the policy, and periodically provides reports to the Board. The Nominating and Corporate Governance Committee also recommends amendments to the diversity and inclusion policy when necessary.

The Nominating & Corporate Governance Committee is aware of the work that needs to be done to create a more diverse leadership team for companies in Canada. As part of its recruitment and selection process, the Nominating and Corporate Governance Committee considers the level of representation of designated groups on the Board. Sherritt has reached its previous goal of having at least 30% female independent directors on its Board by its 2022 annual meeting, as we have three female independent directors, representing 43% of the Board and 50% of the independent directors. In addition, in 2020, the CEO of the Corporation signed the BlackNorth Initiative Pledge of the Canadian Council of Business Leaders Against Anti-Black Systemic Racism (the “BlackNorth Initiative Pledge”) committing the Corporation to specific actions and targets designed to end anti-Black systemic racism, including the goal of, at a minimum, 3.5% of executive and board roles based in Canada being held by Black leaders by 2025. A copy of the BlackNorth Initiative Pledge can be found at <https://www.blacknorth.ca/The-Pledge>.

The Board has not otherwise adopted targets for representation on the board of Aboriginal peoples, visible minorities, or persons with disabilities. Currently, only one of our directors self-identifies as a member of a visible minority. The United States’ embargo on Cuba has made it difficult for us to attract and retain highly qualified individuals to serve on the Board, so we must maintain flexibility in our recruitment process. However, we will continue to monitor the level of board diversity and consider whether it would be appropriate to include formal targets for the representation of these groups in the future.

### Skills matrix

The Board maintains a skills matrix to evaluate the competencies and skills of the Board based on the background and experience of each director.

The skills matrix is updated every year using a self-assessment completed by each director, and used to identify gaps or areas for strengthening the Board when recruiting new director candidates to fill board vacancies. It is also taken into account when determining the composition of our board committees and choosing committee chairs.

The skills matrix below shows the skill set of the Board nominees.

	Maryse Bélanger	Sir Richard Lapthorne	Peter Hancock	Lisa Pankratz	Leon Binedell	Chih- Ting Lo	John Warwick	Total
Appointed	February 2018	September 2011	November 2021	November 2013	June 2021	March 2022	June 2017	
Mining/Resource industry	✓	✓	✓	✓	✓	✓	✓	7
International business	✓	✓	✓	✓	✓	✓	✓	7
Government relations	✓	✓			✓			3
Capital projects	✓	✓	✓	✓	✓	✓	✓	7
Reserve evaluation	✓		✓			✓		3
Enterprise management	✓	✓	✓	✓	✓	✓	✓	7
Financial literacy and reporting		✓		✓	✓		✓	4
Corporate governance		✓	✓	✓	✓			4
Operations	✓	✓	✓	✓		✓		5
Human resources/Executive compensation	✓	✓		✓			✓	4
Environment, health, safety and sustainability	✓		✓			✓	✓	4
Risk management/Evaluation	✓	✓	✓	✓	✓	✓	✓	7
Finance and M&A		✓		✓	✓		✓	4
Board leadership	✓	✓		✓	✓		✓	5
Language skills	French Spanish	French	French					

Our working language across the organization is English, but the official language of Cuba, the main jurisdiction of our foreign operations, is Spanish (Cuba). One director is fluent in Spanish. Foreign language skills allow directors to interact more effectively with local stakeholders, including government officials and employees.

## Orientation

The Nominating and Corporate Governance Committee is responsible for making sure new directors receive a proper orientation to Sherritt and their duties and responsibilities as directors.

The orientation program focuses on new directors having a clear understanding of their responsibilities, developing a good working relationship with the other members of the Board, and becoming familiar with our operations and management team so they can actively participate in meetings from the outset.

The program has several components and covers the director's first year on the Board:

- Site visits – new directors have an opportunity to visit our business units and major projects (physically, or when not so permitted, virtually)
- Interaction with management – new directors meet with key members of the management team
- Legal obligations – new directors attend a session with our outside counsel so they have a full understanding of their legal obligations as a director; and
- Committee orientation – committee Chairs, together with appropriate management representatives, provide orientation on the committees the new director will be joining. New directors also attend meetings of other committees as an observer.

New directors also receive a package of reference materials including a handbook with relevant corporate and business information (articles, by-laws, organization and corporate charts, board mandate, committee mandates, etc.), current continuous disclosure documents, and board presentations from the previous year.

## Continuing education

We expect directors to keep abreast of issues affecting our business.

We organize continuing education sessions that include meetings with management, and outside experts as appropriate, to discuss regulatory changes, corporate governance developments, developments in the mining and oil and gas industries and market conditions, among other things.

Directors complete continuing education sessions and attend briefings on various topics relating to the jurisdictions where our subsidiaries and joint venture operate, including the various political, regulatory and economic environments.

We provide directors with quarterly updates on our foreign operations, which includes updates on political, economic and social developments in Cuba. We also retain the services of consultants with knowledge of the political and economic situation in those countries to advise on current developments from time to time. Directors also participate in scheduled trips to our operations in Canada and Cuba, where they meet with the senior executives responsible for local operations, participate in site visits, meet with government officials, local leaders and stakeholders, and learn about the local business culture and practices.

The table below is a summary of the continuing education sessions directors attended in 2021. We reimburse directors for any out-of-pocket expenses.

	Presented/hosted by	Attendees
<b>Mining industry</b>		
2021 Fort Saskatchewan Site Visit	Sherritt	Peter Hancock Chih-Ting Lo
Battery Metals lecture	CIM	John Warwick
PDAC Convention	PDAC	John Warwick
Business Risks and Opportunities in Mining	CIM	John Warwick
2021 Roundup Convention	AME	John Warwick
Virtual Mining and Metals Workshop	Deloitte	Lisa Pankratz
16 <sup>th</sup> Annual Mining Executive and Director Forum	KPMG	Lisa Pankratz
Mining Audit Committee Roundtable	KPMG	Lisa Pankratz
<b>Accounting/audit/finance</b>		
Burgundy Lecture Inflation's Toll	Burgundy Assets	John Warwick
CIM Convention	CIM	John Warwick
Mining Cutoff grades	CIM	John Warwick
Ethical Dilemmas: The Thick Grey Line	BC CPA	Lisa Pankratz
Foundation of Sherritt's Compensation Structure	Meridian	Lisa Pankratz
Designed to Disrupt	PWC	John Warwick Lisa Pankratz
360 by Deloitte	Deloitte	Lisa Pankratz
Investment Perspectives for Institutional Investors	PH&N	Lisa Pankratz
<b>Environment, Social and Governance</b>		
Cassels Lecture ESG	Cassels	John Warwick
Hugesson Lecture ESG	Hugesson	John Warwick
ESG lecture	CIM	John Warwick
Green Nickel lecture	CIM	John Warwick
Presentation on China (macro view, ESG, climate change)	Blackrock	Lisa Pankratz
Mindful leadership in the modern world	EY	Lisa Pankratz
ESG Thought Leadership Series	Borden Ladner and Gervais (BLG)	Lisa Pankratz

## Assessment

Our Board assessment process includes an annual director self-assessment and peer evaluation and, at the discretion of the Nominating and Corporate Governance Committee, a periodic Board assessment conducted by an independent third party.

The evaluation process considers the skills and expertise of each director as well as their individual contributions to the Board and committees and also assesses overall Board and committee effectiveness.

The Board Chair, or a director acting on his or her behalf, is responsible for administering the annual Board assessment process. The Board Chair or his nominee solicits feedback from each of the director's peers on the particular director's performance over the course of the past year, on overall Board and committee effectiveness and on potential opportunities to enhance Board effectiveness, while the Chair of the Nominating and Corporate Governance Committee (or designate) solicits feedback on the Board Chair. The Board Chair or Chair of the Nominating and Corporate Governance Committee discusses the feedback with each director as part of their annual performance review.

## **Board succession and renewal**

We monitor board renewal to ensure a reasonable turnover and orderly succession of directors. We achieve board renewal through a skills gap assessment by the Nominating and Corporate Governance Committee, the board assessment process and ordinary attrition as directors decide not to stand for re-election. If there is not sufficient renewal through our normal process, the Nominating and Corporate Governance Committee will take appropriate incremental steps to ensure reasonable renewal. There is no expectation that a director will remain on the Board for any particular "term" or period of time, and renewal processes apply equally to newer and longer serving directors.

The Nominating and Corporate Governance Committee is responsible for recommending desirable competencies to the Board and for identifying new candidates for nomination or appointment to the Board. The Nominating and Corporate Governance Committee is comprised solely of independent directors.

The Nominating and Corporate Governance Committee considers several factors in the search process including the necessary competencies and skills for serving on our Board, the existing skillset of the Board and any desirable skills and competencies. The Nominating and Corporate Governance Committee also considers the candidate's background and experience, personal attributes and their ability to devote sufficient time and resources to serving as a member of our Board.

Candidates meet with the Chair, Chair of the Nominating and Corporate Governance Committee (or designate) and the President and Chief Executive Officer to discuss their background and experience in more detail and our expectations of directors. Candidates also receive an overview of the business in these meetings.

Two new independent directors have joined the Board in the past year. Our average Board tenure is 4 years.

## **Retirement and term limits**

We do not have a mandatory retirement policy or term limit for directors. The Board believes that mandatory retirement and term limits may result in the loss of effective directors with deep knowledge of Sherritt. The Board also believes these limits are too restrictive – our directors face increased potential liabilities and restrictions arising from Title III and Title IV of the Helms-Burton Act, which makes it more difficult for us to recruit additional highly qualified candidates. Instead, we follow our director assessment process every year to make sure director effectiveness and board renewal are considered together.

## WHAT WE EXPECT OF DIRECTORS

We expect our directors to demonstrate sound judgment and to act in our best interests.

### Integrity and ethical conduct

Our business ethics policy sets out the rules and guidelines for ethical behaviour at Sherritt and is based on our values and the laws, regulations and rules that apply to our business. The policy applies to Sherritt directors, officers and employees and all new directors and employees must read the policy when hired and acknowledge that they will abide by the policy. The Board has never waived any aspect of the business ethics policy.

Our whistleblower policy allows employees and others to report any violations or concerns regarding the policy confidentially and without fear of reprisal for anyone acting in good faith. Concerns can be reported anonymously to the internal auditor, who will bring the reports to the attention of the Audit Committee for investigation and response, or through our independent whistleblower hotline (online or by phone) which is managed by a third party and forwards any reports to the internal auditor for follow-up.

Our commitment to integrity and ethical conduct extends to all aspects of our business. We have separate policies and procedures that address specific areas of business ethics including anti-corruption, timely disclosure and confidentiality, reportable concerns and insider trading, among others. You can read more about our corporate governance practices on our website ([www.sherritt.com](http://www.sherritt.com)). If you would like a copy of any of the policies mentioned above, please contact us at [info@sherritt.com](mailto:info@sherritt.com).

#### Anti-corruption policy

Our anti-corruption policy, adopted in 2012 and most recently amended in 2021, sets out standards of conduct and practices which must be followed by Sherritt employees and representatives in dealing with public officials in order to comply with Canada's Corruption of Foreign Public Officials Act and other applicable anti-corruption laws.

The policy applies to our directors, officers, employees and agents and we have conducted training sessions across the organization to make sure our people, particularly those who have significant interactions with governments and third parties, understand the policy and how it applies to them.

### Meeting attendance

Regular Board and committee meetings are set at least a year in advance, with special meetings scheduled as required. Directors are expected to attend all board meetings and all of their committee meetings unless there are exceptional circumstances that preclude attendance and to come fully prepared and remain in attendance for the duration of the meetings. Directors are invited to all committee meetings regardless of whether they are a member of that committee.

The table below shows the 2021 director attendance record for meetings of committees they were a member of.

	Board		Audit		Human Resources		Nominating and Corporate Governance		Reserves, Operations and Capital	
Leon Binedell	5 of 5	100%								
Maryse Bélanger	10 of 10	100%					7 of 7	100%	5 of 5	100%
Sir Richard Laphorne	10 of 10	100%	6 of 6	100%			7 of 7	100%		
Adrian Loader	9 of 10	90%			5 of 5	100%	6 of 7	86%	5 of 5	100%
Lisa Pankratz	10 of 10	100%	6 of 6	100%	5 of 5	100%	7 of 7	100%	5 of 5	100%
Peter Hancock	2 of 2	100%			0 of 0	n/a			0 of 0	n/a
John Warwick	10 of 10	100%	6 of 6	100%	5 of 5	100%	7 of 7	100%	5 of 5	100%
Timothy Baker	4 of 4	100%	3 of 3	100%	3 of 3	100%	2 of 2	100%	5 of 5	100%

Note: Since Mr. Binedell and Dr. Hancock joined the Corporation later in the year, the only meetings that count toward their respective percentages are those that they could have attended. Since Mr. Baker resigned from his directorship in May 2021, the meetings he could have attended prior to his departure count toward his percentages.

## Equity ownership

We require directors to own Sherritt equity to align their interests with those of our shareholders. Directors are required to hold five times their annual cash retainer in shares and/or DSUs, and they have five years from the date they joined the Board to meet the requirement.

We calculate the value of each director's Sherritt equity by multiplying the number of their units/shares by the grant/purchase price or the closing price of our shares, whichever is higher, on the TSX on December 31 (\$0.41 for 2021).

The table below shows director share ownership as at December 31, 2021<sup>1</sup>.

	Retainer	Required equity ownership		Actual value of equity ownership as of December 31, 2021			Status	
		Multiple of annual cash retainer	Amount	Shares	DSUs	Total		
Maryse Bélanger	\$90,000	5.0x	\$450,000	\$123,000	\$497,581	\$620,581	6.9x	meets requirement
Peter Hancock <sup>2</sup>	\$90,000	5.0x	\$450,000	\$41,000	\$0	\$41,000	0.5x	below requirement
Sir Richard Lapthorne	\$90,000	5.0x	\$450,000	\$368,263	\$739,612	\$1,107,875	12.3x	meets requirement
Adrian Loader	\$90,000	5.0x	\$450,000	\$76,580	\$630,443	\$707,023	7.9x	meets requirement
Lisa Pankratz	\$90,000	5.0x	\$450,000	\$76,944	\$607,882	\$684,826	7.6x	meets requirement
John Warwick	\$90,000	5.0x	\$450,000	\$140,000	\$566,020	706,020	7.8x	meets requirement

1. Leon Binedell does not appear in this table because he is an executive director and a named executive officer, and does not receive any compensation for serving as a director of the Board. Please see page 49 for information about his compensation and page 41 for information about his share ownership requirements.
2. Peter Hancock did not receive a DSU grant in 2021 as he was appointed to the Board November 10, 2021, after the final quarterly grant was issued. He has until November 10, 2026 to achieve share ownership requirement.



## DIRECTOR COMPENSATION

Director compensation is reviewed regularly so we can continue to attract and retain qualified directors to the Board. Compensation is benchmarked against the same comparator group used to benchmark executive compensation so we stay competitive with the market.

Directors receive an annual retainer that is split 50/50 between cash and equity to align with shareholder interests and recognize directors for their time and commitment to carrying out their Board and committee duties and responsibilities. The equity component is paid in DSUs. DSUs are phantom share units that track the value of Sherritt common shares. These must be retained until the director retires or otherwise leaves the Board. DSUs vest immediately upon grant, earn dividend equivalents as additional units at the same rate as dividends (if any) paid on our common shares, and are redeemed for cash after a director leaves the Board. We use the volume-weighted average trading price of our shares on the TSX for the five days immediately before the redemption date to value the DSU payout. The Board can amend the DSU plan at any time as long as the changes do not materially affect the right of the director participating in the plan. The Board can also approve any variations to the terms of DSUs that have been granted, with the consent of the participant.

### 2021 Director fee schedule

The table shows the 2021 director annual fee schedule. Compensation is paid in equal instalments following the end of each quarter. The Board approves our director compensation based on the recommendations of the Human Resources Committee.

	Cash	Equity
<b>Annual retainer</b>		
Director	\$90,000	\$90,000 <sup>1</sup>
<b>Additional retainers</b>		
Board Chair <sup>1</sup>	\$130,000	
Audit Committee Chair	\$20,000	
All Other Committee Chairs	\$15,000	
Helms-Burton allowance <sup>2</sup>	\$150,000	

No changes were made to director compensation in 2021.

1. The Board Chair does not receive Committee Chair fees.
2. The Corporation has eliminated this allowance, effective April 30, 2022.

### Director compensation table

The table below shows the total aggregate compensation paid to all directors for 2021 was \$1,781,660.

	Total fees							Total compensation
	Cash retainer	Board/Committee chair fees	Total fees earned	DSU awards	Option-based awards	Non-equity incentive compensation	All other compensation	
Timothy Baker	\$34,962	\$5,827	\$40,788	\$34,962	–	–	–	\$75,750
Maryse Bélanger	\$90,000	\$15,000	\$105,000	\$90,000	–	–	\$150,000	\$345,000
Peter Hancock	\$12,955	–	\$12,955	\$12,955	–	–	–	\$25,910
Sir Richard Laphorne	\$90,000	\$130,000	\$220,000	\$90,000	–	–	\$150,000	\$460,000
Adrian Loader	\$90,000	\$15,000	\$105,000	\$90,000	–	–	\$150,000	\$345,000
Lisa Pankratz	\$90,000	\$20,000	\$110,000	\$90,000	–	–	\$150,000	\$350,000
John Warwick	\$90,000	–	\$90,000	\$90,000	–	–	–	\$180,000

1. Timothy Baker stepped down as Director May 20, 2021.
2. Peter Hancock was appointed Director November 10, 2021.

#### DSU awards

Director compensation is awarded following the end of each quarter. We calculated the number of DSUs granted to each director by dividing the dollar amount of the award by the volume-weighted average trading price of our common shares on the TSX for the five trading days immediately before each grant date: \$0.51 (April 15, 2021), \$0.50 (July 15, 2021), \$0.43 (October 15, 2021) and \$0.47 (January 15, 2022). The number of units granted has been rounded up to the nearest whole unit.

#### All other compensation

All other compensation consists of the Helms-Burton allowance for directors who have certified that they will voluntarily refrain from traveling to the United States. These allowances are not considered compensation and have been included in the table in the interest of providing full disclosure. Helms-Burton allowances are fully taxable and not grossed-up for tax purposes. The Corporation has eliminated this allowance, effective April 30, 2022.

#### Value of DSU awards vested or earned during the year

The table shows the total dollar value that would have been realized by each director if the DSUs that vested in 2021 had been paid out on the vesting date.

The value vested during the year is calculated by multiplying the number of DSUs granted to each director in the calendar year by the volume-weighted average trading price of our common shares on the TSX for the five trading days immediately before the grant / vesting date: \$0.56 (January 15, 2021), \$0.51 (April 15, 2021), \$0.50 (July 15, 2021) and \$0.43 (October 15, 2021). As payments are paid in arrears, this table captures awards made in 2021. The payment for the 4<sup>th</sup> quarter of 2021 is made in January 2022.

	DSU awards
Timothy Baker	\$42,462
Maryse Bélanger	\$90,000
Peter Hancock	–
Sir Richard Lapthorne	\$75,000
Adrian Loader	\$75,000
Lisa Pankratz	\$75,000
John Warwick	\$90,000

### Outstanding DSU awards

The table shows the market or payout value of vested DSUs not paid out or distributed as of December 31, 2021.

Directors do not receive other share-based awards or option grants. The value is based on the – number of DSUs held by the director at year-end, multiplied by the closing price of our shares on the TSX on December 31, 2021 (\$0.41).

	Market or payout value of vested DSUs not paid out or distributed
Timothy Baker	–
Maryse Bélanger	\$456,509
Peter Hancock	–
Sir Richard Lapthorne	\$306,798
Adrian Loader	\$300,205
Lisa Pankratz	\$297,693
John Warwick	\$475,135

### 2022 Director fee schedule

Director fees are benchmarked relative to the new comparator group (see page 43) and no changes were made for 2022.

## HOW WE PAY OUR EXECUTIVES

Executive pay at Sherritt supports our strategy, motivates our executives to achieve our strategic objectives without encouraging them to take undue risks and aligns their interests with the long-term interests of our shareholders. It is an important tool to attract and retain a strong, focused and resilient executive team to lead the company through all phases of the commodity cycle.

This section of our circular describes how we compensated our 2021 named executive officers:

- Leon Binedell, President and Chief Executive Officer (CEO)
- David Pathe, Former President and Chief Executive Officer (CEO)
- Yasmin Gabriel, Chief Financial Officer (CFO)
- Nathan Reeve, Former Interim Chief Financial Officer (Interim CFO)
- Steve Wood, Executive Vice President and Chief Operating Officer (EVP & COO)
- Elvin Saruk, Senior Vice President, Oil and Gas & Power (SVP, OGP)
- Ward Sellers, Senior Vice President, Legal General Counsel and Corporate Secretary (SVP, Legal)

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## Letter from the Chair of the Human Resources Committee



Last year I highlighted the challenges that Sherritt faced during a most difficult period in the company's history, and the actions management took to protect the organization, including the elimination of over \$300 million in debt without diluting shareholders. Reflecting on 2021, there were many achievements in responding to those challenges despite having to deal with a second year of COVID-19 issues, notably:

- Finished nickel and cobalt production and cost targets achieved despite COVID-19 disruption
- Adjusted EBITDA and cashflow generation targets exceeded
- Improved ESG scores and upgraded targets (as reported in 2021 Sustainability Report)
- Liquidity position further strengthened through expansion and extension of credit facility
- Further reductions in annual administrative costs, including executive compensation
- Expansion strategy developed focusing on increased metals production and extended Moa mine life, with first phase approved with partners in Q4 2021

There were other significant accomplishments. Though less than desired, collections on receivables continued despite the dramatic impacts on the Cuban economy of further U.S. sanctions and of the evaporation of tourist revenues due to COVID-19. A deeper understanding of the market opportunities for commercialization of Sherritt technologies was developed. Significant organizational changes were made, reflected in higher overall team member engagement scores, as well as by the successful transition of four new executives: CEO, CFO, CCO and CHRO.

Looking forward, management will need to remain diligent in continuing to address balance sheet issues, in efficiently managing operations and in creating value for shareholders. That said, on the back of last year's achievements and with a backdrop of favourable market conditions, Sherritt has an exciting opportunity to move forward with a focus on profitable growth and transition. The clarity of direction, focus and performance of the company in the second half of 2021 shows how well the new executive team, led by Leon Binedell as CEO, has bedded in which gives me every confidence that Sherritt will be successful in executing on its key initiatives – expanding the Metals business and delivering significant value growth to the organization in the coming years.

The primary focus of the Human Resources Committee is to maintain an executive compensation program that appropriately rewards achievement of organization objectives. For 2021 compensation, on a purely quantitative basis, cash flow and EBITDA significantly exceeded target with a weighted corporate financial performance factor of 200% of target. Business unit performance factors ranged from 90% to 113% of target. These performance factors were assessed by management via a qualitative overlay for strategic objectives (which are not always measurable quantitatively) resulting in some minor downward adjustments.

The Human Resources Committee considered management's recommendations after the above review and also took into account the following factors:

- The performance of the new executive team in running the business and in developing an expansion strategy
- The continued excellent response to the COVID-19 pandemic with production and cost targets achieved
- Strong performance in safety, exceeding in leading safety indicators across operations, with little improvement needed in lagging indicators

- Continued investment in team member capabilities to build a high-performing culture focused on delivering positive outcomes for the organization and shareholders

After completing its review of all relevant factors, the committee determined that the results fairly reflected performance and that no additional adjustments should be made. See page 49 for more detail on 2021 short-term incentive determination. Payouts in 2021 on mid-term incentives granted in 2018 were once again substantially below reported values at time of grant, as is to be expected given the designed alignment between payout structure and shareholder experience. See page 56 for more details on mid-term incentive payouts. With the change of the CEO and other senior management taking place in 2021, in consultation with independent advisors, compensation changes were made which reflected Sherritt's current strategy, complexity and size. The resulting compensation levels for the new executive team are also aligned with the objectives of reducing costs while still incentivizing the successful implementation of the expansion strategy.

More broadly, the Human Resources Committee is responsible for overseeing an executive compensation program that is strategic, fair, appropriate and competitive. See page 45 for more details on these objectives. Following the exit from Ambatovy in 2020, a new peer group was approved that better reflects the current size and complexity of Sherritt. See page 42 for more details on the new peer group. Executive and director compensation are regularly benchmarked to the peer group to ensure that compensation remains market-appropriate. Similarly, targets for short- and medium-term compensation will continue to be reviewed to ensure they are creating well-balanced incentives to meet strategic objectives.

In 2021, the practice of soliciting feedback from our shareholders and from proxy advisors to guide us in refining and aligning our compensation programs with shareholder interests was continued. 20 of Sherritt's top shareholders (representing 36% of the issued and outstanding shares at that time) were contacted to discuss compensation, strategy and governance. We would like to speak with more of our shareholders but, alas, the very high proportion of Sherritt retail shareholders makes this goal difficult to attain (institutional shareholders were estimated to be approximately 30% of Sherritt shareholders at the most recent AGM). Since we value shareholder input, which is considered in compensation program reviews, I would encourage any shareholder who would like to discuss these programs to reach out by email to the Director of Investor Relations, Joe Racanelli, at [joe.racanelli@sherritt.com](mailto:joe.racanelli@sherritt.com).

I should note that in December Steve Wood informed Leon Binedell of his desire to retire from his position as Chief Operating Officer on April 30, 2022. Mr. Wood's accountabilities have been divided between the Senior Vice President roles overseeing our operations as well as certain accountabilities transitioning to the Chief Commercial Officer. Mr. Wood continues to be exceedingly helpful in ensuring a smooth transition. Mr. Wood's retirement will lead to a new structure reporting into Mr. Binedell, which is aligned with the organization focus on reducing costs while maintaining strategic alignment for growth and a focus on sustainable, low-cost but well managed operations.

The Human Resources Committee and the Board encourage you to have a say on pay at the upcoming annual meeting. As you decide how to vote, I would ask you to consider not only the 2021 achievements and progress as well as the new expansion strategy, but also the changes made to improve the compensation program to align it with the present size of the organization while incentivizing company performance and the creation of shareholder value.

I thank you for your continued support and confidence. Inspired by the executive team's commendable efforts in 2021, and the commitment of staff throughout the organization, I believe that Sherritt is well positioned to deliver on both its immediate operational objectives and on the exciting growth strategy in years ahead.

Sincerely,



Adrian Loader  
Chair of the Human Resources Committee

## Compensation discussion and analysis

### OVERVIEW

Executive pay at Sherritt supports our strategy, motivates our executives to achieve our strategic objectives without encouraging them to take undue risks, and aligns their interests with the long-term interests of our shareholders. It is an important tool to attract and retain a strong, focused and resilient executive team, to lead the company through all phases of the commodity cycle.

### Compensation approach

We approach executive compensation keeping the following guiding principles in mind:

<b>Strategic</b> Pay is strategically aligned with performance	<b>Appropriate and Fair</b> Pay is aligned with our organizational structure and the scope of the role  Internally equitable and benchmarked to the market	<b>Competitive</b> Pay is externally competitive
<p>Most of what our executives earn is variable and based on performance.</p> <p>Performance metrics, goals and weightings are defined every year based on our strategic plan and annual business plan.</p>	<p>The pay mix for more senior executives is more heavily weighted to pay tied to performance, as they have more influence on organizational performance over the long term.</p>	<p>Job evaluation is used to determine the scope of each position. Compensation targets and awards are fair and in line with what others in the company are earning.</p> <p>We benchmark executive compensation to provide market context and make sure the design of our incentive plans, mix of components and target compensation are competitive with the market.</p>

### How we link executive pay to our corporate strategy

Sherritt's goal is to be a leader in the low-cost production of finished nickel and cobalt that creates sustainable prosperity for our investors, employees and communities. Protecting the health and safety of our employees, contractors and communities is an equal priority. The table below (and continued on the next page) shows you our 2021 strategic priorities, and how they are linked to our 2021 compensation program.

#### 2021 Strategic priorities

##### PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH

- Operate the Metals businesses to maintain a leadership position as a low-cost producer of finished nickel and cobalt while maximizing free cash flow
- Optimize working capital and receivables collection

#### How they are linked to our 2021 compensation program

Financial metrics make up 100% of the corporate score for the short-term incentive plan:

- Adjusted EBITDA and combined free cash flow are equally weighted to support our goal of preserving liquidity, building balance sheet strength and maximizing free cash flow

## 2021 Strategic priorities

## How they are linked to our 2021 compensation program

### UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION

- Further reduce net direct cash costs towards the goal of being consistently in the lowest cost quartile
- Maximize production of finished nickel and cobalt and improve predictability over 2020 results
- Achieve peer leading performance in environment, health, safety and sustainability

Safety and environment in our Metals business are included as performance metrics in the short-term incentive:

- 25% of the operational score for executives who manage the Metals division

Production and cost of production in our Metals business are key performance metrics in the short-term incentive plan:

- 45% of the operational score for executives who manage the Metals division

Strategic goals focused on organizational effectiveness are included as performance metrics in the short-term incentive plan:

- 30% of the operational score for executives who manage the Metals division

Unit cost of production (normalized for fluctuations in market price of input commodities and by-product credits) makes up 50% of the performance score for the 2021 PSU awards, with Metals weighted at 70%.

### ADVANCE COMMERCIALIZATION OPPORTUNITIES IN TECHNOLOGIES BUSINESS

- Assess and prioritize advancement opportunities for various technologies in development
- Research and development of innovative technologies to support our Metals business being a low cost, safe and sustainable nickel producer

Safety and environment in our Technologies business are included as performance metrics in the short-term incentive:

- 15% of the operational score for executives who manage the Technologies division

Strategic goals for our Technologies business are key performance metrics in the short-term incentive plan:

- 70% of the operational score for executives who manage the Technologies division

Developing the pipeline of technology projects is included as a performance metric in the short-term incentive plan:

- 15% of the operational score for executives who manage the Technologies division

Execution of the strategic goals for the Technologies division contribute to 50% of the performance score for the 2021 PSU awards, with Technologies weighted at 20%.

### OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS

- Identify potential partners for Block 10, 6A, and 8B
- Review opportunities to leverage Oil and Gas experience and relationships
- 

Safety and environment in our Cuban energy business are included as performance metrics in the short-term incentive:

- 25% of the operational score for executives who manage the Cuban energy business

Production and cost of production in our Cuban energy business are key performance metrics in the short-term incentive plan:

- 25% of the operational score for executives who manage the Cuban energy business division

Strategic goals focused on organizational effectiveness are included as performance metrics in the short-term incentive plan:

- 50% of the operational score for executives who manage the OGP division

Expenditures against budget contribute to 50% of the performance score for the 2021 PSU awards, with Oil & Gas and Power (OGP) weighted at 10%.

For our corporate executives, the weighted average of the divisional scores is used to link their compensation to the annual goals of the businesses. For 2021 the weighting was: Metals 70%, Technologies 20% and OGP 10%.



### **Context for the execution of Sherritt's strategic priorities**

U.S. foreign policy has a unique impact on our business because of our operations in Cuba.

After a brief period of progress and improved economic relations with Cuba, the outgoing U.S. administration reinforced a policy of sanctions and economic isolation related to its Cuba dealings. Among other things, in May 2019 the United States for the first time ever decided to cease the suspension of Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (commonly known as the *Helms-Burton Act*), which authorizes United States nationals to commence actions in U.S. courts against individuals or entities that traffic in Cuban property confiscated by the Cuban government and for which the United States nationals own the claim to such property. Since the current U.S. administration has taken office, it has also implemented successive rollbacks of the previous administration's relaxation of sanctions against Cuba and its trading partners, such as impeding international financial transactions, restricting cruise ships from going to Cuba, restricting U.S. persons from sending cash to relatives in Cuba, limiting air travel to Cuba, sanctioning ships (including those carrying fuel) travelling to Cuba and banning a number of executives of companies doing business in Cuba from travelling to the United States.

This is in addition to Title IV, which restricts Sherritt's officers, their spouses and dependent children, from travelling to the U.S. These measures have a significant personal impact on our directors and officers and our ability to attract and retain a strong and resilient leadership team.

American sanctions against Cuba and its trading partners also have an impact on Cuban liquidity, and that has affected our ability to get paid, the processing of payments, accessing suppliers of products and technology, and the cost of those goods. It has also limited banking relationships, increased the cost of capital and restricted our access to capital.

### **Compensation governance**

The Human Resources Committee assists the Board in fulfilling its governance responsibilities for all matters relating to executive compensation. This includes the human resources strategic plan, incentive compensation plans, performance assessment, retirement benefits and succession planning. It also establishes our human resources and compensation policies and oversees compensation risk.

The Human Resources Committee is 100% independent and has three qualified members who have experience in executive management, human resources, executive compensation, corporate governance and risk. It makes recommendations to the Board about executive compensation, including the program structure, and the balance of fixed and variable elements of compensation. It also recommends terms and conditions of employment, incentive plan design, performance evaluations for our senior executive officers, compensation decisions and management succession planning. The Committee also oversees our retirement plans through the work of the Management Retirement Committee.

The Human Resources Committee establishes an annual work plan at the beginning of every year, which typically includes:

- recommending performance goals, salaries, target incentive awards for the senior executives
- considering the total inventory of share-based compensation awards available for grant
- reviewing
  - say on pay results
  - management training and development and succession plans
  - relative corporate performance
  - governance trends
  - share ownership requirements
  - director compensation.

Regularly scheduled meetings include a review of the year-to-date organizational performance, equity-compensation report, human resources strategic initiatives report and the Management Retirement Committee report. Some of the members of the Human Resources Committee are also members of the Audit Committee, and the Reserves, Operations and Capital Committee to ensure that discussions and decisions benefit from that expertise.

### **Independent advice**

The Human Resources Committee meets with its independent advisor without management present and the independent advisor attends all regular committee meetings to provide advice and counsel. The Human Resources Committee has retained Meridian Compensation Partners as its independent advisor since 2011. Meridian does not provide services to management.



Meridian attends all regularly scheduled Human Resources Committee meetings and provides the following services:

- advising on the compensation comparator group
- benchmarking executive and director compensation
- reviewing incentive plan design and performance measures
- assessing compensation risk and compensation governance
- providing reports on trends and regulatory updates.

<b>Fees paid to Meridian</b>	2020	2021
Executive compensation-related fees	\$85,057	\$87,228
All other fees	–	–
<b>Total</b>	<b>\$85,057</b>	<b>\$87,228</b>

Management is invited to attend Committee meetings to present recommendations and updates. You can read more about the Human Resources Committee on page 23.

## MANAGING COMPENSATION RISK

The Human Resources Committee is responsible for evaluating compensation risk. It reviews the relationship between risk management policies, corporate strategy and executive compensation every year, and ensures that our executive compensation program is aligned with the risk assessment approved by the Board. See page 19 for more information about the Board's oversight of risk.

Based on its review of enterprise risks, incentive plans and the total reward program, the Committee, supported by its independent advisor, has concluded that Sherritt's compensation programs and policies are aligned with the company's risk profile and risk management objectives and do not encourage inappropriate risk-taking.

Risk management is integrated into three aspects of compensation at Sherritt:

### Culture and process

- Our strong governance culture ensures effective oversight of compensation design, risk and rewards
- The Board has final decision-making authority on all executive compensation matters including recommendations by the Human Resources Committee

### Policies

- Equity ownership – directors and executives are required to meet equity ownership requirements to align their interests with those of our shareholders. The CEO has to maintain equity ownership requirements for at least one year after retirement
- Anti-hedging – our insider trading policy prohibits directors, officers and other employees from buying financial instruments designed to hedge or offset a decrease in the market value of our shares, and restricts the pledging of shares
- Clawbacks – our recoupment policy allows us to claw back short-term and equity incentive awards if there is a material restatement of our financials that results in an overpayment of incentive compensation whether or not there was any misconduct.

### Plan design

- We use a balanced set of qualitative and quantitative measures to determine short-term incentive awards, based on executive level and line-of-sight and functional accountabilities
- Equity incentives vest over time, to keep management exposed to the long-term consequences of their decisions
- Equity incentives incorporate both time and performance vesting
- The Board can use its discretion to adjust the calculated awards up or down based on its overall assessment of performance and any extenuating circumstances or factors outside of management's control, guided by a set of core principles. See page 45 for more about our decision-making process.

## EQUITY OWNERSHIP

We introduced equity ownership requirements for executives in 2009. The requirement varies by level.

Executives have five years from the day the policy was introduced or amended, or from the day they are appointed to a position with a new equity ownership level, to meet the requirement. PSUs, RSUs and shares, including shares acquired through the employee share ownership plan are counted towards the equity ownership requirement. The CEO has to maintain his equity ownership requirement for at least one year after he retires.

The table below shows each executive's equity holdings as of December 31, 2021. Three of the named executives meet their equity ownership requirement. The CEO and CFO were appointed June 1, 2021 and August 5, 2021 respectively, and have five years from their appointment date to meet the requirement. The named executives have purchased their shares either through our employee share ownership plan (see below), or through their own broker using their own after-tax money.

	Salary	Required equity ownership		Actual value of equity ownership as of December 31, 2021			Status
		Multiple	Amount	Shares	RSUs/PSUs	Total	
Leon Binedell	\$575,000	3.0x	\$1,725,000	\$84,264	\$670,833	\$755,098	1.3x must meet by June 2026
Yasmin Gabriel	\$330,000	1.0x	\$330,000	\$3,362	\$314,103	\$317,465	0.96x must meet by August 2026
Steve Wood	\$450,000	2.0x	\$900,000	\$236,747	\$2,577,813	\$2,814,561	6.3x meets requirement
Elvin Saruk	\$375,000	1.0x	\$375,000	\$123,942	\$2,281,252	\$2,405,194	6.4x meets requirement
Ward Sellers	\$375,000	1.0x	\$375,000	\$698,085	\$2,212,813	\$2,910,898	7.7x meets requirement

The value of shares is calculated using either the acquisition price or the closing price, whichever is higher, of our shares on the TSX on December 31, 2021 (\$0.41).

The value of RSUs and PSUs is calculated by multiplying our assumption for the number of units that vest by the grant price or by \$0.41 (whichever is higher). Vesting assumptions are as follows:

- RSUs granted in 2019, 2020 and 2021: assumes 100% of the units vest.
- PSUs granted in 2019, 2020 and 2021: assumes a performance factor of 100% (target) and that all of the units vest.

### Employee share ownership plan

To encourage employee share ownership, we introduced a voluntary employee share ownership plan in 2014 with the following key features:

- Employees, including the named executives, can direct up to 10% of their base salary to purchase shares by payroll deduction.
- We match 50% of employee contributions, up to \$2,500 per year.
- Shares are bought on the open market at the time the contribution is made.
- Employees must hold shares purchased with employer contributions until they have participated in the plan for at least 24 consecutive months.

## COMPENSATION BENCHMARKING

We benchmark executive compensation to provide market context and to make sure the design of our incentive plans, mix of components and target compensation are competitive with the market.

The Human Resources Committee uses two sources of data for benchmarking:

- proxy data from the comparator group below
- the Korn Ferry Mining Compensation Review, Global Executive Report, which provides a broader view of the market and more specific analysis for certain executive roles. The report includes pay data by function, size of role and geographical location, covering 75 global mining organizations.

The Committee considers the median as a point of reference, but does not set pay at a specific percentile. Senior executive compensation is determined based on several factors including market data, the scope of the role, the executive's experience in the role, sustained executive performance, internal equity and retention risk. The independent advisor also provides market insight on senior executive compensation and market context to the Committee.

### 2021 Comparator group review

Annually the Committee reviews the comparator group for continued relevance. With the resolution of the Ambatovy legacy debt and Sherritt's exit from Ambatovy, a new compensation comparator group was developed for 2021. Following the development of the new group, 3 comparators have been acquired; the Committee will review the group again in 2022 for potential replacement companies.

### How we choose a comparator group

It is difficult to find companies that are similar to Sherritt because of the diverse nature and the complexity of our business:

- we have operating assets in nickel, cobalt, oil & gas and power generation
- we have operations, projects and investments in Canada and Cuba
- a significant portion of our business is conducted through complex joint ventures.

There are very few public nickel companies, and we compete with mining companies of other commodities for talent. We also have a unique combination of challenges not faced by any other company:

- companies with similar levels of market capitalization are not as complex because they do not have multiple assets, producing multiple products, in multiple jurisdictions
- Sherritt is Cuba's largest foreign investor and no other public company has such exposure to Cuba and the challenges in the United States from this investment
- Helms-Burton risk was amplified in 2019 with Title III under that Act becoming effective, giving U.S. nationals the right to sue those who allegedly traffic in confiscated Cuban property
- our inability to access capital markets in the U.S. or banks with significant U.S. operations limits our access to credit and makes managing liquidity more difficult.

With the input of its independent advisor, the Committee updated the comparator group in late 2020 taking these unique challenges into consideration. We applied a multi-dimensional approach, using the following criteria:

	What we considered	Why we included it
<b>Financial</b>	Total Revenue: 0.3 to 3x Sherritt's total revenue	This range of total revenue, including 50% of the Moa joint venture revenue recognizes the organizational complexity of the joint venture (see IFRS reporting requirements, below)
	Total assets: 0.2 to 4x Sherritt's total assets	This range of total assets captures Sherritt's operating assets of approximately \$1.6 billion, which represents the Moa joint venture assets on a 50% basis
	Total enterprise value: 0.3 to 3x Sherritt's total enterprise value	Joint venture accounting rules, which require equity accounting, result in an understatement of revenue (see IFRS reporting requirements, below)
<b>Industry</b>	Nickel producers, to the extent feasible	Comparable sensitivity to nickel price in their performance results
<b>Operational</b>	Geographic scope Challenging jurisdictions Number of business units / metal mix	A proxy for the complexities of our business
<b>External</b>	Included in relevant comparator groups	"Peer of peer"
<b>Stock listing</b>	Publicly traded on a Canadian stock exchange	Operating in the same regulatory context provides consistency in disclosure

### IFRS reporting requirements

We conduct much of our business, including all of our nickel and cobalt business, through joint ventures. International Financial Reporting Standards (IFRS) requires us to report our financial results in a way that does not fully reflect the complexity of our company and the accountabilities of management due to IFRS treatment of our nickel and cobalt joint venture. This makes it challenging to rely on financial metrics to assess an appropriate compensation comparator group.

The IFRS joint venture accounting rules require us to understate the financial metrics we use to determine a comparator group:

- **reported revenue:** IFRS does not permit us to include all revenue generated by the Moa Joint Venture on our income statement.
- **total assets:** IFRS requires us to understate our proportionate share of the assets of the Moa Joint Ventures by netting out the liabilities of Moa within the Investment in Joint Venture and Investment in Associate line items on our balance sheet.

### Metal prices

Our revenue relative to comparators who do not produce nickel as their primary product is also affected by the poor performance of the market price for nickel relative to that of other metals. See page 64 to read about the performance of nickel prices.

## 2021 Comparator group

The determination of the comparator group resulted in:

- retaining 7 companies from the former comparator group that continue to meet the evaluation criteria
- removing 7 of the largest comparators
- adding 13 comparators that met the multi-dimensional criteria discussed above.

The table on the next page shows the 20 companies in the final 2021 comparator group, their key financial metrics and Sherritt's percentile ranking for assets, revenue and enterprise value as reported in our financial statements under IFRS. Two companies, Pinnacle Renewable Energy and Roxgold, were acquired during 2021 and their financial metrics are not shown. One company, Golden Star Resources, was acquired in early 2022.

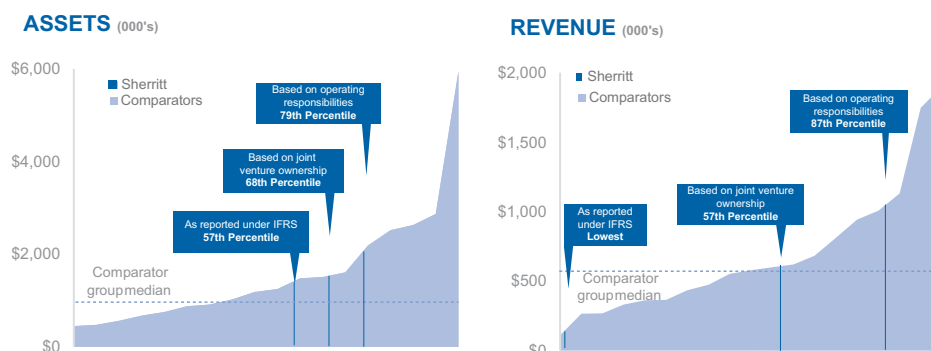
It also includes the following information that the Committee believes is relevant context for interpreting the comparator group data:

1. assets and revenue adjusted to include the revenue and assets of Moa based on our 50% joint venture ownership interest
2. assets and revenue adjusted to reflect management's operating responsibilities at Moa (on a 50% basis).

A significant portion of our business is conducted through joint ventures.

We look at our assets and revenue against our comparators in three ways:

1. As required by IFRS
2. Based on our joint venture ownership (50% Moa)
3. Based on our operating responsibilities (100% Moa)



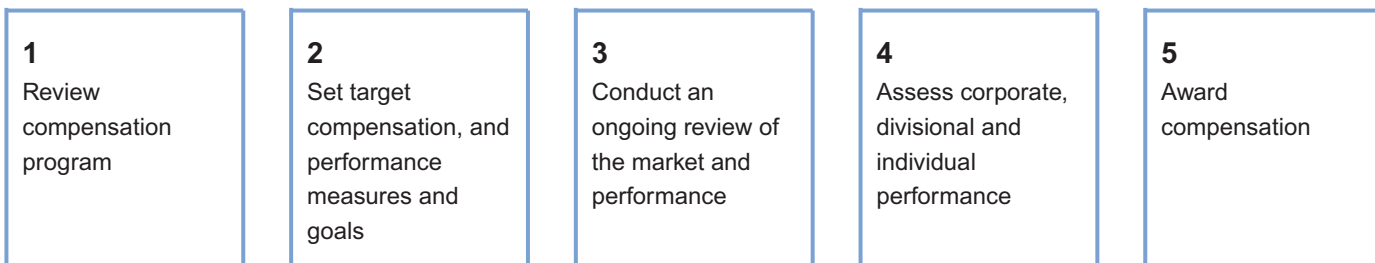
(\$millions)	Assets	Revenue	Enterprise Value
5N Plus Inc.	\$473	\$266	\$240
Argonaut Gold Inc.	\$1,606	\$553	\$666
Capstone Mining Corp.	\$2,187	\$1,006	\$2,058
Copper Mountain Mining Corp.	\$1,024	\$578	\$1,000
Dundee Precious Metals Inc.	\$1,479	\$812	\$1,179
Enerplus Corporation	\$2,518	\$1,747	\$4,485
Ero Copper Corp.	\$873	\$620	\$1,661
Frontera Energy Corporation	\$3,304	\$1,131	\$1,372
Gran Colombia Gold Corp.	\$1,248	\$474	\$501
Golden Star Resources Ltd.	\$445	\$332	\$674
Gran Tierra Energy Inc.	\$1,505	\$599	\$1,211
Hudbay Minerals Inc.	\$5,842	\$1,901	\$3,601
Neo Performance Material Inc.	\$752	\$682	\$773
New Gold Inc.	\$3,134	\$943	\$1,679
Pinnacle Renewable Energy		Acquired <sup>1</sup>	
Roxgold Inc.		Acquired <sup>1</sup>	
Sierra Metals Inc.	\$564	\$362	\$365
Silvercorp Metals Inc.	\$913	\$268	\$687
Taseko Mines Limited	\$1,183	\$433	\$1,036
Trevali Mining Corporation	\$675	\$365	\$258
<b>Peer group median</b>	<b>\$1,216</b>	<b>\$589</b>	<b>\$1,018</b>
<b>Sherritt International Corp</b>			
As reported under IFRS	<b>\$1,398</b>	<b>\$110</b>	<b>\$460</b>
	57th percentile	Lowest	16th percentile
Based on ownership interest in the Moa Joint Venture	<b>\$1,556</b>	<b>\$613</b>	
	68th percentile	57th percentile	
Based on our operating responsibilities	<b>\$2,356</b>	<b>\$1,115</b>	
	79th percentile	87th percentile	

1. Firms were acquired during 2021 and no financial data is available

All financial data is sourced from S&P Capital IQ, as reported by each company as of December 31, 2021, and is shown in Canadian dollars. Assets represent the last quarterly disclosure, revenue reflects the trailing twelve months, and enterprise value is measured as at December 31, 2021 or the latest 2021 results publicly available at the time of printing of this Management Information Circular.

# COMPENSATION PROCESS

Compensation decisions are supported by a strategic, vertically aligned goal setting and performance management process.



## 1. Review compensation program

The Human Resources Committee:

- reviews the strategic plan and annual business plan
- reviews our executive compensation programs and processes, including salaries, incentive plans, benefits, retirement plan and perquisites, in the context of market competitiveness and our business goals, with input from the independent advisor
- reviews director compensation against a market compensation study (see page 33 for more about director compensation)
- reviews the comparator group and an analysis of the principle criteria used to determine the comparator group

The table on the following page describes how the compensation program has evolved over the last few years

<b>Key changes in 2019</b>	<b>Key changes in 2020</b>	<b>Key changes in 2021</b>	<b>Plans for 2022</b>
<p><b>Simplified the short-term incentive plan, and tied the measures more closely to our 2019 strategic objectives</b></p> <ul style="list-style-type: none"> <li>Narrowed the performance score range – threshold now 20% below target; maximum 20% above target.</li> <li>Improved safety measures in the scorecard by capturing both leading and lagging measures.</li> <li>Based divisional measures on specific divisional strategic priorities and re-weighted the measures.</li> <li>Added specific measures for the Technologies Division as a key component of our strategy.</li> <li>Reweighted the corporate, operational and individual components to improve alignment with the annual time frame for short-term incentives.</li> <li>Introduced an individual performance component for the CEO to better align with competitive practice and to support the Board's ability to align his annual cash compensation with his performance.</li> </ul> <p><b>Assessed the use of options</b></p> <ul style="list-style-type: none"> <li>Replaced option awards with share units..</li> </ul>	<p><b>Made changes to the long-term incentive awards to better reflect the business mix of the company</b></p> <ul style="list-style-type: none"> <li>Adjusted the performance criteria for payouts of PSUs awarded in 2020, to increase the weighting on the metals and mining index and reduce the energy index.</li> <li>Changed the ratio to consolidate the STI performance scores for Oil &amp; Gas and Power from 3:1 to 2:1 (respectively), to reflect the shift in the business mix.</li> <li>Increased the weighting of Technologies' STI strategic goals to focus on projects with commercialization potential.</li> <li>Updated each division's strategic goals to capture key 2020 actions emanating from the strategic plan.</li> <li>Replaced Ambatovy's 2020 performance measure for the 2018 PSUs with Technologies, to reflect Sherritt's exit from Ambatovy.</li> </ul>	<p><b>Reviewing our executive compensation given the impact of the balance sheet initiative on company business mix and operations:</b></p> <ul style="list-style-type: none"> <li>Defined a new comparator group for compensation benchmarking, to align with our restructured business and strategy.</li> <li>Adjusted the measures and weightings for 2021 short-term incentive awards to align with the 2021 business plan</li> <li>Adjusted the performance criteria for payouts of PSUs awarded in 2021, to increase the weighting on the metals and mining index and reduce the weighting on the energy index.Changed the ratio to consolidate the STI performance scores for Oil &amp; Gas and Power from 2:1 to 1:2 (respectively), to reflect the shift in the business mix.</li> </ul>	<p><b>Implement changes to the short-term and long-term incentive awards to reflect a strategic shift toward growth of our Metals business</b></p> <ul style="list-style-type: none"> <li>Adjust the measures of the 2022 short-term incentive awards to align with the 2022 business plan including adding specific Metals expansion project measurements</li> <li>Adjust the internal performance criteria for payouts of PSUs awarded in 2022, to reflect Metals expansion project measurements</li> <li>Adjust the external performance criteria for valuation of PSUs awarded in 2022, to increase the weighting on the metals and mining index and eliminate the weighting of the energy index</li> </ul>

## 2. Set target compensation, and performance measures and goals

Target compensation is set relative to the market and to comparable internal positions, based on each executive position's scope and accountabilities.

Performance goals are defined from the strategic plan and the annual business plan and cascaded to the senior executive team and their teams.

Corporate performance focuses on annual goals aligned with our strategic priorities. Corporate financial targets, and operational / divisional safety and sustainability operational targets are established at the beginning of the year. These provide a balanced view of performance and reinforce our view that financial and production goals must be achieved safely, reliably and in a sustainable way. The measures are both quantitative and qualitative and are assessed at the corporate or divisional level, as appropriate.



### 3. Conduct an ongoing review of market and performance

The Board and the Committee monitor corporate performance against the targets as a regular item on their quarterly meeting agendas. This includes a review of quantitative performance results that compare the quarterly results to target, any variance and management's qualitative commentary. This process provides the opportunity for feedback and to make course corrections, as required, to ensure that performance expectations remain aligned with organizational goals.

### 4. Assess corporate, divisional and individual performance

#### Corporate performance

The Committee reviews full year performance results and performance scores in the context of the overall market, the experience of shareholders during the fiscal year and global economic conditions. It looks at the company's response and risk mitigation, and considers factors beyond management's control and how they were managed.

#### Individual performance

##### CEO

At the end of the fiscal year, the CEO prepares his self-assessment of his achievements against his goals and reviews them with the Board and HR Committee chairs. The Chair discusses the CEO's individual performance with each independent director and the Board determines the CEO's performance rating. The performance rating and the qualitative feedback provide input for the Committee and Board to consider when making decisions about the CEO's compensation.

##### Other senior executive officers, including the named executives

At the end of the fiscal year, all senior executive officers prepare self-assessments of their achievements measured against their individual goals for review with their immediate managing executive. Individual performance is assessed by the executive's immediate leader and a performance rating recommended to the Committee. Performance is measured against both the annual goals that are set at the beginning of the year, the day-to-day execution of the position and the consistent demonstration of leadership capabilities, including focus on safety, operational excellence, operational effectiveness, leadership and tone from the top.

### 5. Award compensation

The Human Resources Committee recommends to the Board the CEO's salary, short-term and equity incentives for approval based on its assessment of organizational and individual performance, and its discussions with the CEO.

The CEO, in consultation with the EVP & COO for the divisional executives, recommends salary, and short-term and equity incentive awards for the senior executive officers, taking into consideration the growth of individual capabilities, and organizational and individual performance. The CEO makes recommendations to the Committee and the Board for approval.

Compensation is approved at the February committee and board meetings, including:

- organizational performance scores for the short-term incentive plan
- achievement of individual performance goals
- short-term incentives for the previous year
- salaries for the current year
- equity incentives for the current year.

The Committee and the Board make their final determinations by applying sound business judgment considering input from management and the independent advisor. The Board has discretion to adjust awards up or down based on this qualitative overlay, and may make adjustments guided by a set of four core principles:

1. To avoid rewarding or penalizing management for unexpected events that are not within their primary area of responsibility.
2. To keep incentives aligned with Sherritt's long-term business strategy and the best interests of shareholders.
3. To provide flexibility to deal with unexpected events, so targets can be set rigorously.
4. To make sure incentive payouts make sense taking into account Sherritt's overall performance
- 5.

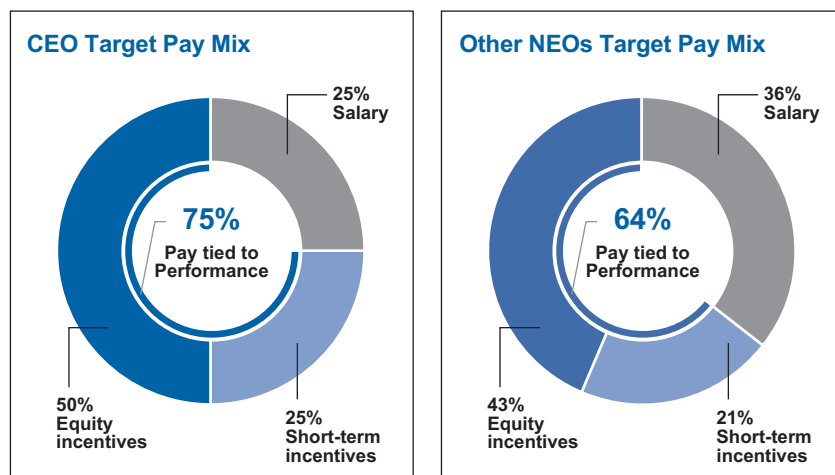
## COMPENSATION COMPONENTS

We offer a competitive total rewards program: fixed pay, incentive pay based on performance, and benefits including retirement, health and well-being and other benefits.

<b>Fixed pay</b>	<b>Salary</b> See page 49	Cash	Salary is based on the executive's role, skills and capabilities, and reviewed every year
<b>Pay tied to performance</b>	<b>Short-term Incentive</b> See page 50	Cash	Annual cash bonus depends on corporate, divisional and individual performance
	<b>Equity incentives</b> See page 54	Restricted share units (RSUs)	Three-year vesting. Payout depends on our share price at the time of vesting
		Performance share units (PSUs)	Three-year vesting. Payout depends on relative total shareholder return and company performance over the vesting period and our share price at the time of vesting
		Options (not a part of current incentives)	10-year term. Vest over three years starting on the first anniversary of the grant. Payout depends on the exercise price and our share price at the time of vesting
<b>Benefits</b>	<b>Retirement savings</b> See page 73	Group retirement savings plan	We contribute a fixed percentage of the executive's salary to a retirement savings program, in line with market practice
	<b>Employee share ownership plan</b> See page 41	Voluntary share ownership plan	Encourages employee share ownership by matching 50% of employee contributions, up to \$2,500 per year
	<b>Other benefits and perquisites</b> See page 68	Well-being benefits	Medical and dental benefits, disability coverage, life and accident insurance, and other benefits in line with market practice
Perquisite allowance		Determined by executive level and market practice, fully taxable	

The mix of components is well balanced, rewarding short-, mid- and long-term performance through a mix of cash and equity. The more senior the executive, the more pay is tied to performance because we believe they have more influence on organizational performance over the long-term.

The graphs below show the 2021 target total direct compensation mix (based on target performance). The 2021 equity incentive is 50% PSUs and 50% RSUs for all named executives currently employed.



## 2021 EXECUTIVE COMPENSATION DECISIONS

### Salary

Salaries are reviewed at the beginning of every year, and are only adjusted to reflect an executive's consistent demonstration of increased capabilities, expertise and leadership in performing his or her role, or based on changes in the scope of the role or the market. The amounts below reflect annual salaries for each named officer, including for those who were appointed or departed during 2021.

	2020	2021	Comment
Leon Binedell	–	\$575,000	Hired President & CEO June 1, 2021
David Pathe	\$825,000	\$825,000	Stepped down as CEO May 31, 2021
Yasmin Gabriel	\$170,000	\$330,000	Appointed CFO August 5, 2021
Nathan Reeve	\$267,000	\$267,000	Interim CFO terminated August 4, 2021
Steve Wood	\$450,000	\$450,000	
Elvin Saruk	\$380,000	\$380,000	
Ward Sellers	\$375,000	\$375,000	

### Short-term incentive

#### Form and timeframe

Cash bonus based on corporate, operational and individual performance against pre-determined goals and paid early in the following year once the year-end results are finalized. See page 45 for more about our decision-making process.

#### Target incentive

Each executive's target award is based on market level and internal equity. Target awards are calculated as a percentage of salary (see the table on the next page). The CEO's target percentage has not changed since 2009.

#### How we calculate the award

The amount of the award depends on the executive's short-term incentive score, which is calculated based on corporate, operational and individual performance against goals aligned with our strategic priorities. Goals are set at the beginning of the year and are both quantitative and qualitative.

Weightings vary by executive level, line-of-sight and functional accountabilities:

- **Corporate performance** focuses on corporate financial performance
- **Operational performance** focuses on operational safety and sustainability, production volume, unit cost of production and strategic goals at each of our operations
- **Individual performance** is measured against the annual goals set at the beginning of the year, day-to-day performance in their role and consistent demonstration of leadership capabilities, including focus on safety, operational excellence, operational effectiveness, leadership and tone from the top. The score for individual performance ranges from 80 to 120 for performance that meets expectations and is capped at 150 for those who exceed expectations. See the profiles of our named executives beginning on page 59 for information about their individual performance this year.

#### Managing compensation risk

The short-term incentive can be clawed back if there is a material restatement of our financials that results in an overpayment of incentive compensation. See page 40 for more information about managing compensation risk.

The award is forfeited if the executive resigns or is terminated for cause (see page 74 for more information about termination).

The Board can use its discretion to adjust the calculated awards up or down based on its overall assessment and any extenuating circumstances or factors outside of management's control, guided by a set of four principles. See page 45 for more about our decision-making process.

## 2021 short-term incentive awards

The table below shows the 2021 short-term incentive award for each named executive. Payouts ranged from 114% to 130.5% of target based on each executive's short-term incentive score. Corporate, operational and individual weightings were based on the level of executive. After discussion, the Board determined there was no reason to apply any discretion to adjust the awards from the calculated amounts as the outcomes aligned with the achievements of 2021 (see below).

	Salary	x	Short-term incentive target	x	2021 short-term incentive score Organizational scores 0 – 200 Individual scores 0 – 150	=	2021 short-term incentive award
					Corporate (see below)    Operational (page 51)    Individual (page 59)		
Leon Binedell <sup>1</sup>	\$335,417	x	100%	x	[200 x 30% + 97 x 50% + 110 x 20%]	= 130.5%	\$437,720
David Pathe	\$618,750	x	100%	x	[200 x 30% + 97 x 50% + 100 x 20%]	= 128.5%	\$795,094
Yasmin Gabriel <sup>2</sup>	\$133,685	x	50%	x	[200 x 20% + 97 x 50% + 110 x 30%]	= 121.5%	\$81,215
Nathan Reeve	\$159,858	x	70%	x	[200 x 20% + 97 x 50% + 100 x 30%]	= 114.0%	\$72,672
Steve Wood	\$450,000	x	70%	x	[200 x 20% + 97 x 50% + 110 x 30%]	= 121.5%	\$382,725
Elvin Saruk	\$380,000	x	50%	x	[200 x 20% + 113 x 50% + 110 x 30%]	= 129.5%	\$295,260
Ward Sellers	\$375,000	x	50%	x	[200 x 20% + 97 x 50% + 105 x 30%]	= 120.0%	\$225,000

- The salary and short-term incentive award for Mr. Binedell have been pro-rated to reflect his mid-year hiring June 1, 2021.
- The information indicated for Ms. Gabriel reflects her contributions as CFO, appointed August 5, 2021. In addition, she was awarded \$31,264 for her contributions from January 1 to August 4 in her role as VP Finance, for a total 2021 STI award of \$112,479.

## 2021 short-term incentive performance and pay relationship

The relationship between performance and pay is consistent for each short-term incentive measure. Performance is measured as a percentage of target. Threshold performance is set at 80% of target, and maximum performance is set at 120% of performance. At threshold performance, the minimum level of performance that will generate a payout, the performance score is 50. At target performance, the expected level of performance, the performance score is 100. At maximum performance, the performance score is capped at 200. This approach aligns with our pay for performance philosophy, in that performance that exceeds target delivers increased short-term incentive awards.

### 2021 Corporate performance score

Corporate performance in 2021 was measured against two financial metrics linked to our strategy. Scores for performance between threshold and target, and target and maximum, are calculated on a straight-line bases. Performance scores are capped at 200%. Performance below threshold receives a score of zero.

#### Corporate performance

Target = 100  
Threshold: 80  
Maximum = 120

Link to strategy:  
• Preserve liquidity and build balance sheet strength

#### Adjusted EBITDA (50%)

A proxy for cash generated by our operating activities (on an accrual basis), a standard industry metric

200

#### Combined free cash flow (50%)

The cash generated or used by all of our business units

200

Corporate score

200

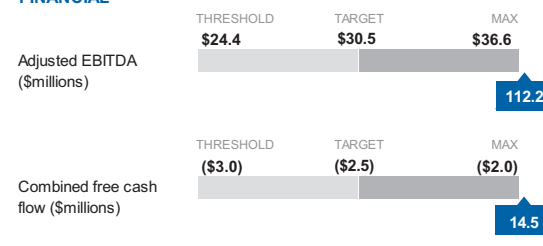
#### Adjusted EBITDA

2021 adjusted EBITDA was \$112.2 million, above the maximum of \$36.6 million, resulting in a score of 200.

#### Combined free cash flow

2021 combined free cash flow was \$14.5 million, above the maximum of \$(2.0) million, resulting in a score of 200.

#### FINANCIAL



## 2021 operational performance scores

Operational performance in 2021 was measured in two categories:

1. an operational score for corporate-level executives (the named executives) – the weighted average of each of the divisional scores
2. an operational score for executives who have direct responsibility for a division – they are compensated based on safety, environment, production and cost performance and on the achievement of strategic milestones of that division.

Safety and sustainability	Production and costs	Strategic goals
Threshold = 50 Target = 100 Maximum = 200  Link to strategy: • Achieve peer-leading performance in environmental health, safety and sustainability	Threshold = 50 Target = 100 Maximum = 200  Link to strategy: • Optimize metals businesses to maintain a leadership position as a low-cost producer of finished nickel and cobalt while maximizing free cash flow • Further reduce net direct cash costs towards the goal of being consistently in the lowest cost quartile • Optimize opportunities in our Cuban energy business	Threshold = 50 Target = 100 Maximum = 200  Link to strategy: • Key 2021 milestones necessary for the achievement of the strategic plan

### 1. Divisional operational scores for executives who manage a division

The weighting of the three divisional scores varies by executive based on their accountabilities.

	Safety Safety interactions (leading measure)  Total reportable incident frequency rate (lagging measure)  Weighting: Metals, Oil & Gas and Power 15% Technologies (leading measure only) 15%	Environment High severity environmental incidents  Weighting: 10.0%	Production Annual production volume  Weighting: 25.0% (Metals only)	Cost / Expense / Liquidity Measures Metals: Unit cost of production, Weighting: 20%  Oil & Gas: Operating Expense vs Budget, Weighting: 25%  Power: Liquidity vs Budget, Weighting: 25%	Strategic goals Our performance in executing the 2021 plans aligned with our strategy  Weighting: Metals 30% Oil & Gas and Power 50% Technologies 70%	Divisional operational scores
<b>Metals</b>	67 x 15% = 10	+ 100 x 10% = 10	+ 82 x 25% = 21	+ 97 x 20% = 19	+ 100 x 30% = 30	<b>90</b>
Oil & Gas	187 x 15% = 28	+ 100 x 10% = 10	+ -	+ 200 x 25% = 50	+ 110 x 50% = 55	143
Power	55 x 15% = 8	+ 100 x 10% = 10	+ -	+ 100 x 25% = 25	+ 110 x 50% = 55	98
<b>Oil &amp; Gas and Power (1:2)</b>						<b>113</b>
<b>Technologies</b>	100 x 15% = 15	+ -	+ Development pipeline: 125 x 15% = 19	+ 110 x 70% = 77		<b>111</b>

#### See page 52 for details about each division's performance

- Scores for performance between threshold and target and target and maximum are calculated on a straight-line basis.
- Performance scores are capped at 200%. Performance below threshold receives a score of zero.
- We combine the results from Oil & Gas and Power for compensation purposes, because the two operations are integral parts of our Cuban energy business and share a common infrastructure and leader. The performance scores of the two divisions are weighted based on their relative financial contributions, which is approximately 1:2.

### 2. Operational score for corporate executives

This operational score applied to four of the 2021 named executives:

- Leon Binedell
- David Pathe
- Yasmin Gabriel
- Nathan Reeve
- Steve Wood
- Ward Sellers

Metals	90 X 70% = 63.0
Oil & Gas and Power	113 X 10% = 11.5
Technologies	111 X 20% = 22.5
<b>Combined</b>	<b>97</b>

**Operational score for corporate executives**

## Metals (Operational Score 90)

Safety is measured by leading indicators (safety interactions) and lagging indicators (total reportable incident frequency rate). Safety interactions exceeded target while the total reportable incident frequency rate was below threshold, resulting in a score of 67. There were no severe environmental incidents resulting in a score of 100.

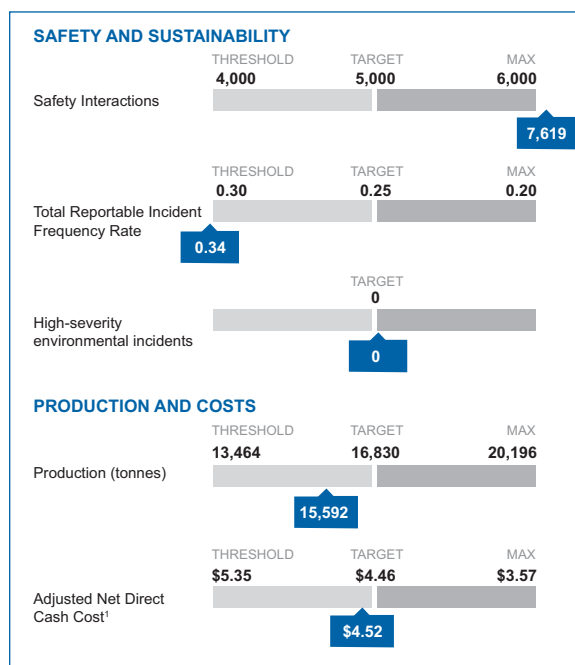
Production levels were between threshold and target, a solid result, given the need to overcome several unexpected events, including delays in mixed sulphide deliver, the ongoing challenges of the global pandemic and extended shutdowns in Q3. This resulted in a score of 82.

Unit cost of production<sup>1</sup> was slightly below target, as a direct result of lower production and sales volumes as well as additional maintenance costs which were partly offset by lower labour costs as a result of Cuban currency unification. This resulted in a score of 97.

There were three qualitative strategic goals for 2021, all aligned with key milestones of the strategic plan with specific focus on organizational effectiveness. These were averaged, for a combined score of 100:

- Execute Year 3 of the updated 5-year Sustainability – met, on schedule, scored 100
- Execute the 2021 portion of the Free Cash Flow Generation Plan – met, on schedule, scored 100
- SCM Business process transformation plan for 2021 – met, on schedule, scored 100.

1. Adjusted net direct cash cost uses budgeted commodity prices to exclude the impact of commodity price fluctuations outside of management's control, as a more accurate measure of cost efficiency.



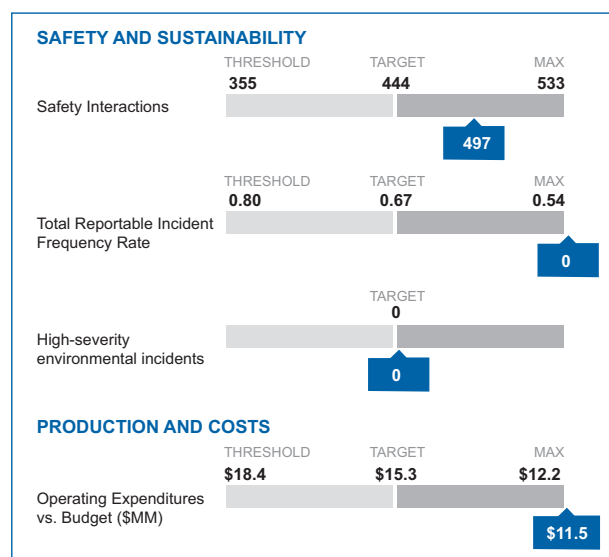
## Oil & Gas (Operational Score 143)

Safety is measured by leading indicators (safety interactions) and lagging indicators (total reportable incident frequency rate). Safety interactions were better than target and total reportable incident frequency rate exceeded the maximum, resulting in a safety score of 187. There were no severe environmental incidents, resulting in a score of 100.

Operating expenditures vs. budget exceeded the maximum, resulting in a score of 200.

The 2021 strategic goals for Oil & Gas and Power, were combined. There were two qualitative strategic goals for 2021, aligned with key milestones of the strategic plan with specific focus on our strategic goal of deriving value from our Cuban energy business. These were averaged, for a combined score of 110:

- Funding partners for Block 10, 6A and 8A – progress was made, scored 100
- Transition OG to a Power Division – Plan objectives achieved – scored 100
- Execute year-3 of the 5 year sustainability plan – project objectives exceeded – scored 110.

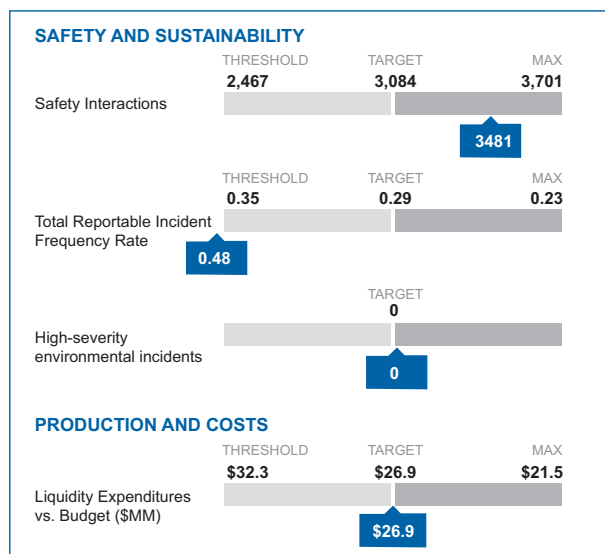


## Power (Operational Score 98)

Safety is measured by leading (safety interactions) and lagging (total reportable incident frequency rate). Safety interactions exceeded target while the total reportable incident frequency rate was below threshold, resulting in a score of 73. This is now being addressed by increasing safety training for employees and contractors. There were no severe environmental incidents resulting in a score of 100.

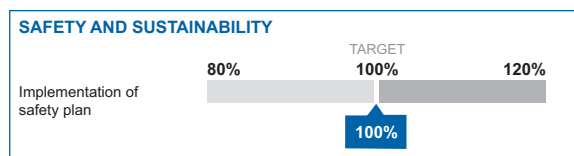
Liquidity expenditures – not to exceed the lower of actual liquidity received for operational purposes and budget. Performance met target, resulting in a score of 100.

Oil & Gas and Power, shared the 2021 strategic goals (see page 52).



## Technologies (Operational Score 111)

Safety is measured by the leading indicator of developing and implementing a site-wide safety plan. Strong performance on the implementation of the safety plan resulted in a score of 100. While there is not a specific measure for the environment, due to the nature of Technologies (research, laboratory work) the Committee retains discretion should there be an environmental incident.



There was one qualitative development pipeline strategic goal for 2021, aligned with key milestones of the strategic plan. The generation and vetting of innovative ideas is the focal point of Technologies.

- Progression of ideas through the pipeline – exceeded expectations, scored 125.

There were three qualitative strategic goals for 2021, aligned with key milestones of the strategic plan:

- Economic cut-off grade project – scored 150
- Bitmap and Chimera Commercialization Projects – scored 100
- Next generation laterite processing – progressed slightly behind plan, scored 88.



## Equity incentives

### Why we use them

- To align with shareholder interests through equity-based awards.
- To reward for contributions by recognizing the achievement of mid- and long-term corporate and strategic goals.
- To support retention through deferred vesting and settlement.

### How we set the compensation target

Each executive's target award is based on the market, internal equity, experience in the role, performance and anticipated contributions to our future performance and growth, and set within a range for the position.

### Form of the award

Awarded early in the year as an incentive for future performance. See page 45 for more about our decision-making process. Equity incentives are allocated to PSUs and RSUs, which are issued under our executive share unit plan. Stock options were last awarded in 2018. No amendments were made to the executive share plan in 2021. At least 50% of equity incentive awards are allocated to PSUs every year.

#### RSUs

RSUs are notional shares that vest at the end of three years and pay out in cash based on the price of our shares at the time of vesting.

RSUs also earn dividend equivalents at the same rate as dividends paid on our common shares, if any. The additional units are reinvested as additional RSUs, which vest at the same time as the initial award.

RSUs cannot be assigned. The amount the executive receives is calculated by multiplying the number of units that vest by the volume-weighted average price of our shares on the TSX for the five trading days immediately before the vesting date.

#### PSUs

PSUs are notional shares that vest at the end of three years and pay out in cash based on performance and on the price of our shares at the time of vesting.

PSUs earn dividend equivalents at the same rate as dividends paid on our common shares, if any. The additional units are reinvested as additional PSUs, which vest at the same time and with the same performance conditions as the initial award. PSUs cannot be assigned.

The number of PSUs that vests depends on our performance. See below for the performance conditions attached to the 2021 PSU awards.

The amount the executive receives on payout is calculated by multiplying the number of units that vest by the volume-weighted average price of our shares on the TSX for the five trading days immediately before the vesting date.

The Board can make changes to the executive share unit plan and the stock option plan subject to any required regulatory or shareholder approvals, although previously granted awards cannot be negatively affected without the participant's consent. See page 72 for more information about making changes to the stock option plan.

The 2021 equity awards were allocated 50% to performance share units and 50% to restricted share units.

#### Managing compensation risk

Equity incentives (unvested RSUs and PSUs, issued options) can be clawed back if there is a material restatement of our financials that results in an overpayment of incentive compensation. See page 40 for more information about managing compensation risk.

RSUs, PSUs and options are forfeited if the executive resigns or is terminated for cause (see page 74 for more information about termination).



## 2021 equity incentive awards

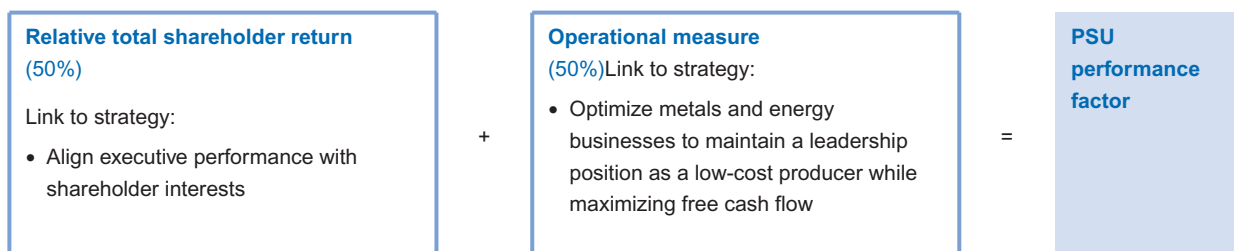
The table below shows the 2021 equity incentive awards for each named executive, and how they were allocated.

We calculated the number of RSUs and PSUs awarded by dividing the dollar amount of the award by the volume-weighted average trading price of our shares on the TSX for the five trading days immediately before the grant date (rounded up to the nearest whole unit).

2021 equity incentive awards		Allocation			
		RSUs (50%)		PSUs (50%)	
Leon Binedell	\$670,833	\$335,417	621,142 units	\$335,417	621,142 units
David Pathe	\$1,750,000	\$875,000	1,346,154 units	\$875,000	1,346,154 units
Yasmin Gabriel	\$152,083	\$76,042	170,521 units	\$76,042	170,521 units
Nathan Reeve	\$125,000	\$62,500	96,154 units	\$62,500	96,154 units
Steve Wood	\$565,000	\$282,500	434,616 units	\$282,500	434,616 units
Elvin Saruk	\$485,000	\$242,500	373,077 units	\$242,500	373,077 units
Ward Sellers	\$500,000	\$250,000	384,616 units	\$250,000	384,616 units

### Performance conditions for the 2021 PSU awards

The 2021 PSU awards are scheduled to vest in 2024. The number of units that vest will depend on the PSU performance factor, which will be calculated using two equally-weighted metrics – TSR relative to our industries, and unit cost of production compared to budget.



#### Relative total shareholder return (50%)

Measured against a combined weighted index that reflects the relative weighting of each of our metals and energy businesses:

- S&P/TSX Metals and Mining Industry Index (Bloomberg: STMETL) (90%)
- S&P/TSX Oil & Gas, Exploration & Production Industry Index (Bloomberg: STOILP) (10%)

For PSUs awarded in 2022, the weightings of the two indices will change to reflect the 2022 business strategy of the company:

- the metals and mining index will be increased to 100%
- the energy index will be removed.

Performance will be assessed using the following performance scale. The score is capped at 100% if our TSR for the performance period is negative, strengthening the alignment with what our shareholders experience. Values between threshold and maximum will be calculated on a straight-line basis.

	Minimum	Threshold	Target	Maximum
<b>If our relative total shareholder return is:</b>	More than 25 percentage points below the combined weighted index	25 percentage points below the combined weighted index	The same as the combined weighted index	50 percentage points or more above the combined weighted index
<b>The performance score will be:</b>	0	50	100	200

### Operational measure (50%)

Measured against an internal performance metric aligned with our strategic goal of being a sustainable low-cost producer. Metals and OGP will be assessed against their target unit cost of production for each fiscal year of the three-year performance period. Technologies will be assessed against its progress on our development pipeline, which is key to future development of innovative technologies to support future efficiencies. Disclosure of these targets in advance would provide competitively sensitive information. Operation results for 2021 PSUs will be weighted as follows: Metals 70%, Technologies 20% and OGP 10%.

Performance will be assessed using the following performance scale. Values between threshold and target, and target and maximum will be calculated on a straight-line basis.

	Minimum	Threshold	Target	Maximum
<b>If our internal measures are:</b>	More than 20% unfavourable to budget	20% unfavourable to budget	At budget	More than 20% favourable to budget
<b>The performance score will be:</b>	0	50	100	200

### Payout of the 2018 mid-term incentive awards

The 2018 mid-term incentive vested on February 22, 2021, and were paid out in cash. The mid-term incentive awards for the CFO consisted of 50% performance-based (PSU) and 50% time vested (RSU), and 63% performance-based (PSU) and 37% time vested (RSU) for the other named executive officers. 40% of the PSUs vested because of the performance factor (see below) and 100% of the RSUs vested because they were time-vested only.

The mid-term incentive paid out at 36% of the grant value for the CFO, and 32% for the other named executive officers based on the number of PSUs and RSUs vesting and our share price at the time of vesting (the volume-weighted average price of our shares on the TSX for the five trading days immediately before the redemption date).

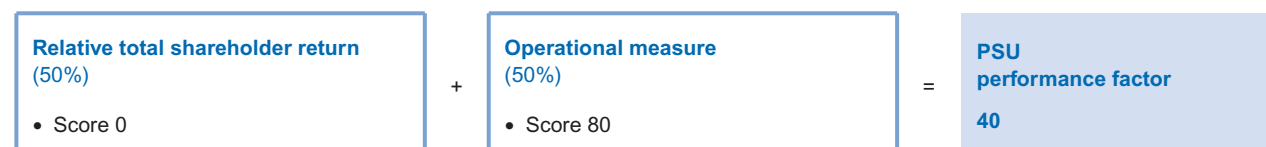


David Pathe	\$1,750,000	\$1.25	875,000	x	\$0.64	=	\$560,000	32%
Yasmin Gabriel <sup>1</sup>	\$15,000	\$1.25	8,400	x	\$0.64	=	\$5,376	36%
Steve Wood	\$452,000	\$1.25	226,000	x	\$0.64	=	\$144,640	32%
Elvin Saruk	\$388,000	\$1.25	194,000	x	\$0.64	=	\$124,160	32%
Ward Sellers	\$400,000	\$1.25	200,000	x	\$0.64	=	\$128,000	32%

1. Ms. Gabriel was in a non-executive role when she was granted equity in 2018 and as a non-executive had a different mix between PSUs and RSUs.

### 2018 Performance share unit performance factor

The percentage of 2018 performance share units that vested is calculated by equally weighting the performance factors for each of the performance measures as shown in the table below. 40% of the 2018 PSUs vested and were paid out.



## How we calculated the performance factor

### Relative total shareholder return (50%)

The table to the right shows the weighted average TSR for our industries from February 22, 2018 to February 22, 2021, resulting in a combined weighted index of 117. The table below shows our TSR over the same period against the industries' performance. Our performance of 52 was below the threshold, resulting in a score of 0% for this measure.

<b>S&amp;P/TSX Metals and Mining Industry Index</b> (Bloomberg: STMETL)  139 x 67%	+	<b>S&amp;P/TSX Oil &amp; Gas, Exploration &amp; Production Industry Index</b> (Bloomberg: STOILP)  73 x 33%	=	<b>Combined weighted index</b>  117
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	Minimum (0) More than 25 percentage points below the combined weighted index	Threshold (50) 25 percentage points below the combined weighted index	Target (100) The same as the combined weighted index (see above)	Maximum (200) 50 percentage points or more above the combined weighted index
<b>Combined weighted TSR index</b>	<b>&lt;92</b>	<b>92</b>	<b>117</b>	<b>167</b>
<b>The performance score will be:</b>	<b>0</b>	<b>50</b>	<b>100</b>	<b>200</b>
<b>Sherritt TSR</b>	<b>52</b>			

### Operational measure – Unit Cost of Production (50%)

The table to the right shows our actual unit cost of production performance indexed to target (100%) for each division and each of the three years of vesting. Performance produced an overall index to target of 92. This resulted in a performance score of 80 for this measure.

	Performance Indexed to Target		
	2018	2019	2020
Metals	94	105	100
Ambatovy / Technologies <sup>1</sup>	50	67	110
OGP	104	84	69
<b>Overall Index to Target</b>	<b>92</b>		

1. For 2020, the internal measure was changed to reflect Technologies performance as by that time, Sherritt had relinquished its stake in Ambatovy.

	Minimum More than 20% unfavourable to budget	Threshold 20% unfavourable to budget	Target At budget	Maximum More than 20% favourable to budget
<b>If our internal measures are:</b>				
<b>The performance score will be:</b>	<b>0</b>	<b>50</b>	<b>100</b>	<b>200</b>
<b>Sherritt Weighted Operational Score:</b>			<b>80</b>	

## LEON BINEDELL

President & CEO

Leon Binedell is accountable for developing and implementing Sherritt's company-wide strategy, making major corporate decisions and managing our growth, operations and overall performance.



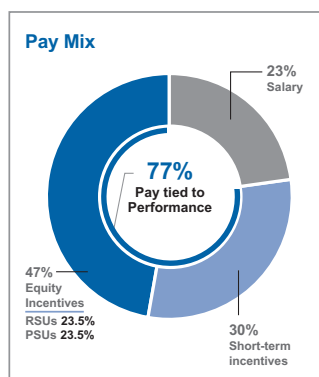
## 2021 Key results

- Successfully transitioned into new role and established strong relationships quickly with new leadership team
- Shifted the focus of the organization away from austerity and toward growth, by actively engaging stakeholders to understand the areas Sherritt can derive the greatest long-term value for shareholders
- Designed and rolled out a strategy that will deliver value when effectively executed
- Established relationships with our Cuban partners most senior officials
- In short time, has established market confidence in the leadership team and the organization's focus going forward

## 2021 Compensation review

The Human Resources Committee considered Leon's overall leadership and the progress achieved in changing the focus of the organization. In a remarkably short period, Leon transitioned into his role, developed a strong understanding of the landscape at Sherritt, identified opportunities for growth, implemented a strategy while settling into the role with a new slate of executives. The Human Resources Committee did not make any adjustments to the calculated short-term incentive formula. Equity incentives were awarded at target with a equal weighting between RSUs and PSUs.

		2021 Target	2021 Actual
Salary	Cash	\$335,417	\$335,417
Short-term incentive	Cash	\$335,417	\$437,720
Equity incentives	RSUs	\$335,417	\$335,417
	PSUs	\$335,417	\$335,417
<b>Total direct compensation</b>		<b>\$1,341,668</b>	<b>\$1,443,971</b>
Compared to target			+8%



### Short-term incentive (see page 50)

Leon's 2021 short-term incentive award was approved in February 2022. It paid out at 130.5% of his target, based on corporate operational and individual performance.

- Corporate financial score: 200 – because we exceeded the maximum performance for adjusted EBITDA and Combined Free Cash Flow (see page 50).
- Operational score: 97 – a blend of results from Metals, Oil & Gas and Power and Technologies (see page 51).
- Individual score: 110 – based on his individual achievements in 2021.

### Equity incentives (see page 54)

Leon's 2021 equity incentive award was allocated 50% to RSUs and 50% to PSUs.

## YASMIN GABRIEL

CFO

Yasmin Gabriel is accountable for the strategic coordination of all financial matters and current and long-term effectiveness of all financial functions, as well as Corporate Development, Investor Relations and Information Technology. She contributes to Sherritt's overall success through active participation in strategic planning and other key corporate processes.



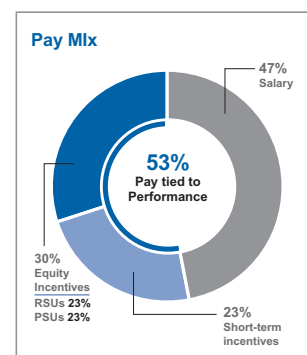
## 2021 Key results

- Successfully transitioned into the CFO role
- Key contributor to corporate strategy and member of the senior executive team
- Active role engaging Moa joint venture partner in expansion plans.
- Strengthened available liquidity through the amendment of the credit facility increasing the availability by \$30 million, extending the maturity to 2024, and expanding to include capital expenditures to support expansion strategy
- Provided leadership and support to Diversity and Inclusion initiatives

## 2021 Compensation review

Yasmin was successful in delivering on her goals and the compensation decisions considered her achievements in 2021. The Human Resources Committee did not make any adjustments to the calculated short-term incentive formula. Equity incentives were awarded at target.

		2021 Target	2021 Actual
Salary	Cash	\$234,820	\$234,820
Short-term incentive	Cash	\$92,127	\$112,479
Equity incentives	RSUs	\$76,042	\$76,042
	PSUs	\$76,042	\$76,042
<b>Total direct compensation</b>		<b>\$479,030</b>	<b>\$499,382</b>
Compared to target			+4%



Note: Yasmin's 2021 compensation in the table above reflects her time and contributions in her role as VP Finance (January 1 – August 4) as well as CFO (August 5 – December 31)

## Short-term incentive (see page 50)

Yasmin's 2021 short-term incentive award was approved in February 2022, and reflects her contributions in her roles as CFO and VP Finance. It paid out at 122% of her combined target, based on corporate operational and individual performance.

- Corporate financial score: 200 – because we exceeded the maximum performance for adjusted EBITDA and Combined Free Cash Flow (see page 50).
- Operational score: 97 – a blend of results from Metals, Oil & Gas and Power and Technologies (see page 51).
- Individual scores: 110 – based on her individual achievements in 2021 in her role as CFO, and 125 – based on her individual achievements in 2021 in her role as VP Finance.

## Equity incentives (see page 54)

Yasmin's 2021 equity incentive award was allocated 50% to RSUs and 50% to PSUs.

## STEVE WOOD

EVP & COO

Steve Wood is accountable for our operating divisions, technologies, marketing, and for safety and sustainability. He contributes to the overall success of the company through active participation in strategic planning and other key corporate processes.



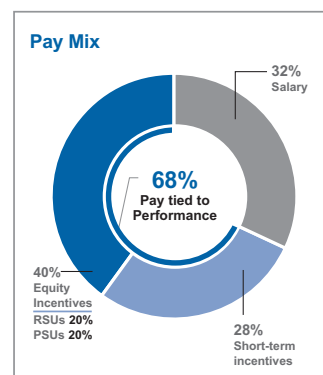
## 2021 Key results

- Coordinated operational response to COVID-19 and chaired pathway to normal committee
- Company-wide safety numbers continued to improve despite COVID-19 implications
- Successfully adapted to departure of VP Marketing while continuing to oversee Metals operations in absence of the SVP, Metals role
- Supported strategic shift in Technologies focus toward more commercial efforts in second half
- Provided leadership and support to Diversity and Inclusion initiatives

## 2021 Compensation review

Steve was successful in delivering on his goals and the compensation decisions considered his achievements in 2021. The Human Resources Committee did not make any adjustments to the calculated short-term incentive formula. Equity incentives were awarded at target.

		2020 Actual	2021 Target	2021 Actual
Salary	Cash	\$450,000	\$450,000	\$450,000
Short-term incentive	Cash	\$365,400	\$315,000	\$382,725
Equity incentives	RSUs	\$282,500	\$282,500	\$282,500
	PSUs	\$282,500	\$282,500	\$282,500
<b>Total direct compensation</b>		<b>\$1,380,400</b>	<b>\$1,330,000</b>	<b>\$1,397,725</b>
Compared to target				+5%
Compare to 2020				+1%



## Short-term incentive (see page 50)

Steve's 2021 short-term incentive award was approved in February 2022. It paid out at 121.5% of his target, based on corporate operational and individual performance.

- Corporate financial score: 200 – because we exceeded the maximum performance for adjusted EBITDA and Combined Free Cash Flow (see page 50).
- Operational score: 97 – a blend of results from Metals, Oil & Gas and Power and Technologies (see page 51).
- Individual score: 110 – based on his individual achievements in 2021.

## Equity incentives (see page 54)

Steve's 2021 equity incentive award was allocated 50% to RSUs and 50% to PSUs.

## Elvin Saruk

SVP, OGP

Elvin Saruk is accountable for safe, cost effective leadership of the Cuban-based energy businesses. Elvin runs our Oil & Gas business and a Power generation facility in Cuba. He contributes to our overall success through active participation in strategic planning and other key corporate processes.



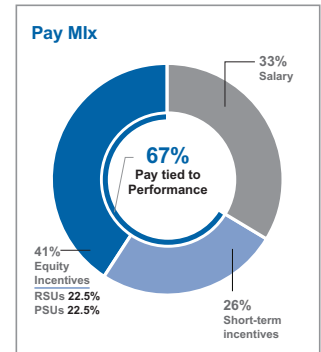
## 2021 Key results

- Attracted 6 interested parties for partnership in exploration blocks with one party continuing to be engaged in 2022
- Led efforts to drive forward the Melbana well
- Successfully completed the feasibility study on the Energas extension
- Effectively controlled costs across the business to come in significantly under budget for year
- Successfully leading TSM efforts ahead of schedule despite the strong challenges that were presented in Cuba related to COVID-19
- Took on expansion leadership role in latter part of year

## 2021 Compensation review

Elvin was successful on delivering on his goals and the compensation decisions considered his achievements in 2021. The Human Resources Committee did not make any adjustments to the calculated short-term incentive formula. Equity incentives were awarded at target.

		2020 Actual	2021 Target	2021 Actual
Salary	Cash	\$380,000	\$380,000	\$380,000
Short-term incentive	Cash	\$191,250	\$228,000	\$295,260
Equity incentives	RSUs	\$242,500	\$242,500	\$242,500
	PSUs	\$242,500	\$242,500	\$242,500
<b>Total direct compensation</b>		<b>\$1,056,520</b>	<b>\$1,093,000</b>	<b>\$1,160,260</b>
Compared to target				+6%
Compared to 2020				+10%



## Short-term incentive (see page 50)

Elvin's 2021 short-term incentive award was approved and paid in February 2022. It paid out at 129.5% of his target, based on corporate, divisional and individual performance:

- Corporate financial score: 200 – because we exceeded the maximum performance for adjusted EBITDA and Combined Free Cash Flow (see page 50).
- Operational score: 113 – Oil & Gas and Power performance (see page 51).
- Individual score: 110 – based on his individual achievements in 2021.

## Equity incentives (see page 54)

Elvin's 2021 equity incentive award was allocated 50% to RSUs and 50% to PSUs.



## WARD SELLERS

SVP, Legal

Ward Sellers is accountable for the leadership and management of the overall legal affairs of the Corporation and the corporate secretarial function. In addition, he oversees the Corporation's anti-bribery and corruption program and contributes to our overall success through active participation in strategic planning and other key corporate processes.



## 2021 Key results

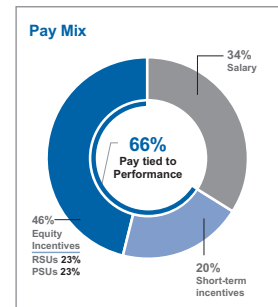
- Leadership and support for the corporation's key strategic initiatives for 2021, including expansion and Technologies initiatives
- Successful support for CEO and senior management transition and integration in 2021
- Successful transition to, and continued management of, virtual governance platform, including Board, Committee and shareholder meetings
- Proactively manage Helms-Burton and embargo risks
- Provided leadership and support to Diversity and Inclusion initiatives

## 2021 Compensation review

Ward was successful in delivering on his goals and the compensation decisions considered his achievements in 2021.

The Human Resources Committee did not make any adjustments to the calculated short-term incentive formula. Equity incentives were awarded at target.

		2020 Actual	2021 Target	2021 Actual
Salary	Cash	\$375,000	\$375,000	\$375,000
Short-term incentive	Cash	\$200,625	\$187,500	\$225,000
Equity incentives	RSUs	\$250,000	\$250,000	\$250,000
	PSUs	\$250,000	\$250,000	\$250,000
<b>Total direct compensation</b>		<b>\$1,075,625</b>	<b>\$1,062,500</b>	<b>\$1,100,000</b>
Compared to target				+4%
Compared to 2020				+2%



### Short-term incentive (see page 50)

Ward's 2021 short-term incentive award was approved February 2022. It paid out at 120% of his target, based on corporate, divisional and individual performance:

- Corporate financial score: 200 – because we exceeded the maximum performance for adjusted EBITDA and Combined Free Cash Flow (see page 50).
- Operational score: 97 – a blend of results from Metals, Oil & Gas and Power and Technologies (see page 51).
- Individual score: 105 – based on his individual achievements in 2021.

### Equity incentives (see page 54)

Ward's 2021 equity incentive award was allocated 50% to RSUs and 50% to PSUs.



# SHARE PERFORMANCE AND EXECUTIVE COMPENSATION

## Understanding the impact of metal prices

Every resource company's share price is directly related to the performance of the metals it produces. The graph below shows the annual average price of five base metals over the past five years (in US\$/tonne indexed to \$100 to provide a meaningful comparison).

These are the metals produced by the companies in our comparator group. None of the companies in our comparator group produces nickel as a primary product, and there are very few nickel companies in the S&P/TSX Metals and Mining Index. The volatility of nickel and cobalt prices to the base metals produced by the companies in our comparator group helps to put our share performance in context.

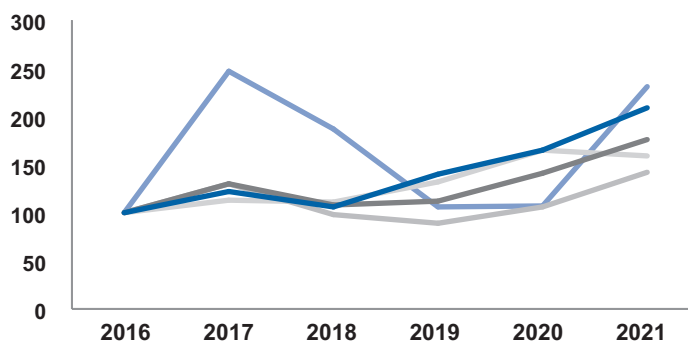
Through the five-year period from January 1, 2017 to December 31, 2021 nickel prices have ranged from a low of US\$3.95/lb in June 2017 to a high of US\$9.59/lb in November 2021 while cobalt has ranged from a low of US\$12.10/lb in July 2019 to a high of US\$44.45/lb in April 2018

Nickel prices experienced a significant recovery in 2021 following the re-start of economic activity following the first waves of the COVID-19. Nickel prices closed the year at US\$9.49/lb, up 27% from the end of 2020. The price increase was driven by strong stainless steel demand and the continued interest in the electric vehicle market, which is slated to generate significant demand for nickel in the coming years. Cobalt was the best performing metals while nickel was third best when compared to zinc, copper and gold. Cobalt, Sherritt's other primary metal price increased 117% from the end of 2020, closing the year at US\$33.78/lb.

With a stronger balance sheet, strong nickel and cobalt prices and market conditions driven by EV battery demand and projected supply deficits expected to remain in the near term, Sherritt pivoted to focus on strategic expansion. It has developed low capital intensity plans with a view to growing nickel and cobalt production by up to 20% from the combined 34,710 tonnes produced in 2021. The expansion will involve:

- completion of a new slurry preparation plant at the mine that will reduce ore haulage distances, improve ore sorting, improve feed quality to the processing plant, and reduce carbon intensity from mining;
- completing a previously suspended expansion of the Moa processing plant and upgrading some utilities to facilitate increased mixed sulphides production at Moa; and upgrading of equipment at the refinery in Fort Saskatchewan to increase processing capacity to approximately 41kt of feed per annum.

**METAL PRICES (US\$/tonne indexed to \$100)**  
(as at December 31)



The prospect of higher production and expectation for continued strong nickel and cobalt prices are expected to have a positive share price impact.

(as at December 31)

	2016	2017	2018	2019	2020	2021
Nickel	\$100	\$122	\$106	\$140	\$165	\$209
Copper	\$100	\$130	\$108	\$112	\$141	\$176
Zinc	\$100	\$130	\$98	\$89	\$106	\$142
Gold	\$100	\$113	\$111	\$132	\$165	\$159
Cobalt	\$100	\$247	\$187	\$106	\$107	\$231

## Share performance analysis

Consistent with a number of small-cap base metals peers, our share price performance over the past five years has fluctuated in response to a number of market and geopolitical developments that have adversely impacted the sector more broadly and Sherritt more specifically.

In particular, our share price has been affected by wide fluctuations in commodity prices over the past several years that have had a direct impact on our financial results and outlook. Through the five-year period from January 1, 2017 to December 31, 2021 nickel prices have ranged from a low of US\$3.95/lb in June 2017 to a high of US\$9.59/lb in November 2021 while cobalt has ranged from a low of US\$12.10/lb in July 2019 to a high of US\$44.45/lb in April 2018.

In the years leading up to 2020, the volatility of nickel and cobalt prices and the ongoing funding requirements for the Ambatovy Joint Venture required that Sherritt focus on preserving our liquidity and building balance sheet strength. During this period, we reduced our debt exposure and load by selling non-core assets, reducing our ownership interest in the Ambatovy Joint Venture and extending the maturity of debentures.

With the backdrop of COVID-19, the risks associated with Cuba and relatively low nickel prices, Sherritt's share price was impacted by the risks profile and uncertainty associated with the Corporation's ability to repay its debt burden stemming from its Ambatovy investment legacy. Sherritt successfully restructured its debt in the third quarter of 2020 without dilution of its shareholders which resulted in a reduction of Sherritt's total debt by approximately \$300 million, extinguishing the cross-default risks of its Ambatovy partner agreements, and exiting from the Ambatovy Joint Venture. The uncertainty of the debt restructuring acted as a catalyst for considerable share price volatility in 2020 with Sherritt reaching a low of \$0.08 in March 2020. With successful completion of the balance sheet initiative in August following approval from all stakeholders and without any dilution of shares, Sherritt's share price started an ascent to end the year at \$0.42.

The COVID-19 pandemic has had an impact on share prices in general and more specifically for Sherritt, in relation to its impact on Cuba which when combined with increased sanctions by the U.S. government implemented during the Trump administration has significantly impacted Cuba's access to foreign currency. The share price initially benefitted from the promise of relaxed sanctions with the current U.S. administration, however, these changes have not yet come. Together, the loss of tourism revenues and U.S. sanctions have negatively impacted our oil and gas and power partners' ability to pay amounts owed to us. While our Metals business has not been materially affected, as most of its business is conducted outside of Cuba, no other company in our peer group, on the Metals and Mining Index, or on the TSX Composite Index faces these issues to the extent that Sherritt does.

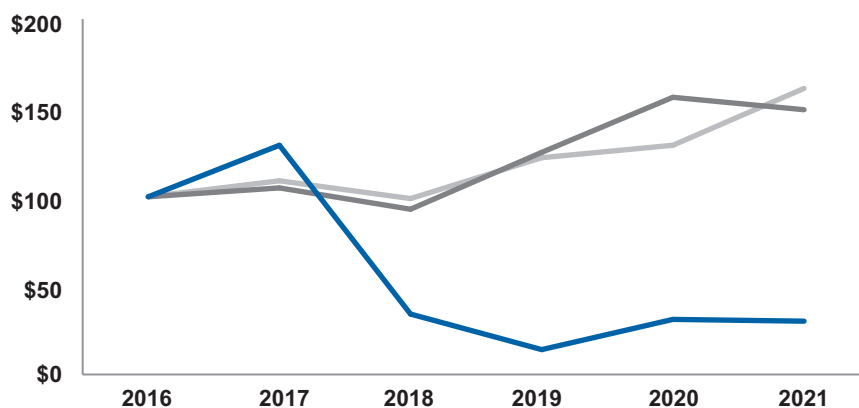
In 2021, the increased focus on green metals, including nickel and cobalt, to service primarily the burgeoning electric vehicle (EV) market brought increased demand on battery metals as manufacturers looked to secure supply to meet their EV targets. With a revamped senior management team, stronger balance sheet, and a significantly longer debt maturity profile than in the past, Sherritt has been able to maintain its share price. As one of the few pure play nickel companies in the market, during 2021 the share price ranged from \$0.36 to \$0.70 and closed the year at \$0.41.

Towards the end of 2021, Sherritt began its pivot from a focus on austerity to strategic expansion with a view to grow nickel and cobalt production by up to 20% from the combined 34,710 tonnes produced in 2021. The expansion will involve:

- completion of a new slurry preparation plant at the mine that will reduce ore haulage distances, improve ore sorting, improve feed quality to the processing plant, and reduce carbon intensity from mining;
- completing a previously suspended expansion of the Moa processing plant and upgrading some utilities so facilitate increased mixed sulphides production at Moa; and upgrading of equipment at the refinery in Fort Saskatchewan to increase processing capacity to approximately 41kt of feed per annum.

As well, the Corporation continued its focus on commercializing the proprietary solutions developed by its research team in Fort Saskatchewan, including a solution to make arsenic in copper concentrates inert; a solution to upgrade heavy bitumen to a much more valued product and at the same time eliminate the use diluent in the delivery of bitumen, and make next generation nickel mining and processing more economically viable and more sustainable and developing project opportunities for the generation of battery-grade nickel and cobalt products from lateritic ores. generation nickel mining and processing more economically viable and more sustainable and developing project opportunities for the generation of battery-grade nickel and cobalt products from lateritic ores.

### TOTAL SHAREHOLDER RETURN



(as at December 31)

Sherritt	\$100	\$129	\$34	\$14	\$31	\$30
S&P/TSX Metals and Mining Index	\$100	\$105	\$93	\$125	\$156	\$149
S&P/TSX Composite Index	\$100	\$109	\$99	\$122	\$129	\$161

## Compensation details

### SUMMARY COMPENSATION TABLE

The table below shows the total compensation awarded to the named executives for the last three years ended December 31.

		Salary	Share-based awards	Option-based awards	Annual incentive	Pension value	All other compensation	Total compensation
<b>Leon Binedell</b> CEO	2021	\$335,417	\$670,833	n/a	\$437,720	n/a	\$155,867	\$1,559,837
	2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2019	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>David Pathe</b> Former CEO	2021	\$618,750	\$1,750,000	n/a	\$795,094	n/a	\$3,986,182	\$7,150,026
	2020	\$825,000	\$1,750,000	n/a	\$915,750	n/a	\$1,707,252	\$5,198,002
	2019	\$825,000	\$1,750,000	n/a	\$693,000	n/a	\$1,007,236	\$4,275,236
<b>Yasmin Gabriel</b> CFO	2021	\$234,820	\$152,083	n/a	\$112,479	n/a	\$277,204	\$776,586
	2020	\$169,000	\$25,000	n/a	\$40,875	n/a	\$44,505	\$279,380
	2019	\$163,250	\$25,000	n/a	\$36,503	n/a	\$42,938	\$267,691
<b>Nathan Reeve</b> Interim CFO	2021	\$159,858	\$125,000	n/a	\$72,672	n/a	\$419,307	\$776,837
	2020	\$265,250	\$125,000	n/a	\$83,356	n/a	\$147,039	\$620,645
	2019	\$260,000	\$125,000	n/a	\$21,632	n/a	\$111,868	\$518,500
<b>Steve Wood</b> EVP & COO	2021	\$450,000	\$565,000	n/a	\$382,725	n/a	\$214,145	\$1,611,870
	2020	\$450,000	\$565,000	n/a	\$365,400	n/a	\$716,736	\$2,097,136
	2019	\$450,000	\$565,000	n/a	\$283,500	n/a	\$465,227	\$1,763,727
<b>Elvin Saruk</b> SVP, OGP	2021	\$380,000	\$485,000	n/a	\$295,260	n/a	\$185,201	\$1,345,461
	2020	\$380,000	\$485,000	n/a	\$191,520	n/a	\$185,044	\$1,241,564
	2019	\$380,000	\$485,000	n/a	\$136,800	n/a	\$187,900	\$1,189,700
<b>Ward Sellers</b> SVP, Legal	2021	\$375,000	\$500,000	n/a	\$225,000	n/a	\$185,497	\$1,285,497
	2020	\$375,000	\$500,000	n/a	\$200,625	n/a	\$537,329	\$1,612,954
	2019	\$375,000	\$500,000	n/a	\$165,000	n/a	\$360,583	\$1,400,583

#### Share-based awards

The value of RSUs and PSUs awarded as equity incentives (see page 55) at grant date value. There is no discount applied for the risk associated with the PSUs. We calculated the number of units awarded by dividing the dollar amount of the award by \$0.64 (February 2021), \$0.54 (June 2021 for Mr. Binedell upon appointment as CEO), \$0.42 (August 2021 for Ms. Gabriel upon appointment as CFO), \$0.16 (2020) and \$0.49 (2019), the volume-weighted average trading price of our shares on the TSX for the five trading days immediately before each grant date (rounded up to the nearest whole unit).

#### Option-based awards

The granting of options was discontinued in 2019. For options awarded prior to 2018 (see page 71). We calculate the number of options by dividing the grant date fair value of the award by the market price of our shares on the date of the grant multiplied by each year's Black Scholes value (rounded up to the nearest whole unit).

#### Annual incentive

The cash bonus awarded as an annual incentive (see page 49).

#### Pension value

Employer contributions to the executive supplementary pension plan. The plan was closed to contributions on January 1, 2018 and is being phased out (see page 73).

#### Leon Binedell

Leon Binedell was appointed President and CEO effective June 1, 2021. His 2021 salary and STI award are prorated from his appointment date to December 31, 2021. His equity award was provided on appointment.

#### David Pathe

David Pathe stepped down as President and CEO effective May 31, 2021, and left Sherritt effective September 30, 2021. His 2021 salary and STI award are prorated from January 1, 2021 to his date of termination September 30, 2021. His outstanding share-based awards and options will be treated in accordance with their associated Plan agreements. Payments as part of David's severance arrangement are included in 'Other Compensation', (see page 67).

### Yasmin Gabriel

Yasmin Gabriel was appointed CFO effective August 5, 2021. Her 2021 salary and STI award reflect her tenure as CFO, as well as compensation earned and awarded for her time in her previous role as VP Finance. Upon appointment to CFO, Yasmin was granted additional share-based awards, which are included in the 2021 total share-based compensation value presented.

### Nathan Reeve

Nathan Reeve was appointed Interim CFO effective January 1, 2021, and left Sherritt effective August 4, 2021. His 2021 salary and STI award are prorated from his appointment date to his date of termination August 4, 2021. His outstanding share-based awards will be paid out to him in accordance with their associated Plan agreements. Payments as part of Nathan's severance arrangement are included in 'Other Compensation', (see page 67). The values are included in the above to meet disclosure requirements.

### All other compensation

All other benefits and compensation in 2021. These amounts are fully taxable and not grossed up for tax purposes.

	Leon Binedell	David Pathe	Yasmin Gabriel	Nathan Reeve	Steve Wood	Elvin Saruk	Ward Sellers
<b>Retirement Benefits</b> (see page 73)	<b>\$40,250</b>	<b>\$74,250</b>	<b>\$23,122</b>	<b>\$19,183</b>	<b>\$54,000</b>	<b>\$45,600</b>	<b>\$45,000</b>
<b>Employee Share Ownership Plan</b> see page 41)	<b>\$2,500</b>	<b>\$2,500</b>	<b>\$0</b>	<b>\$1,599</b>	<b>\$2,500</b>	<b>\$0</b>	<b>\$2,500</b>
<b>Other benefits and perquisites</b> see page 48)	<b>\$113,117</b>	<b>\$3,909,432</b>	<b>\$254,082</b>	<b>\$398,526</b>	<b>\$157,645</b>	<b>\$139,601</b>	<b>\$137,997</b>
– Health benefits	\$6,951	\$11,159	\$9,814	\$7,803	\$10,870	\$5,671	\$12,247
– Perquisite allowance	\$18,667	\$24,000	\$26,646	\$16,764	\$32,000	\$32,000	\$32,000
– Helm-Burton allowance	\$87,500	\$121,154	\$33,438	\$66,750	\$112,500	\$95,000	\$93,750
– Signing or Other Ad Hoc Payments	\$0	\$3,753,119	\$184,185	\$305,119	\$0	\$0	\$0
– Other (parking, executive medicals and other taxable benefits)	\$0	\$0	\$0	\$2,091	\$2,275	\$6,930	\$0
<b>Total</b>	<b>\$155,867</b>	<b>\$3,986,182</b>	<b>\$277,204</b>	<b>\$419,308</b>	<b>\$214,145</b>	<b>\$185,201</b>	<b>\$185,497</b>

### Helms Burton allowance

David Pathe, Steve Wood, Elvin Saruk and Ward Sellers are or have been listed under Title IV of the *Helms-Burton Act*, and advised by the United States Department of State that they, their spouse and minor children are inadmissible for entry into the United States. In recognition of the hardship, loss of opportunity and emotional distress suffered by the named executives and their families, the named executives receive a Helms-Burton allowance. As a result of Title III of the *Helms-Burton Act* the other named executives also undertook not to enter the United States and therefore also received a Helms-Burton allowance. These allowances are not considered compensation, but have been included in the table in the interest of providing full disclosure. Helms-Burton allowances are fully taxable and not grossed-up for tax purposes. Effective April 30<sup>th</sup>, 2022, Helms-Burton allowances for Title III will be discontinued.

### Signing or other ad hoc payments

Amounts for Mr. Pathe and Mr. Reeve include payments as part of their severance agreements (see page 75). Additionally, amounts for Mr. Reeve and Ms. Gabriel include lump-sum payments for their January 1, 2021 appointment to Interim CFO and VP Finance respectively.

## EQUITY COMPENSATION

### Outstanding option-based and share-based awards

The table below shows all outstanding option-based awards and unvested share-based awards as of December 31, 2021. See page 54 for more information about equity incentives.

The value of unexercised in-the-money options is the difference between the option's exercise price and \$0.41 (the closing price of our shares on the TSX on December 31, 2021). None of the options were in-the-money on December 31, 2021, so no value is reported.

We calculated the value of RSUs and PSUs by multiplying our assumption for the number of units that would vest by \$0.41 (the closing price of our shares on the TSX on December 31, 2021). Vesting assumptions:

- RSUs granted in 2019, 2020 and 2021: assumes 100% of the units vest
- PSUs granted in 2019, 2020 and 2021: assumes a performance factor of 0 and that none of the units vest.

		Option-based awards				Share-based awards		
		Number of securities underlying unexercised options	Options exercise price	Option expiration date	Value of unexercised in-the-money options	Type of award	Number of units that have not vested	Market or payout value of unvested unit awards not paid out or distributed
Leon Binedell	2021	–	–	–	–	RSUs	621,142	\$254,668
		–	–	–	–	PSUs	621,142	\$0
	<b>Total</b>	<b>0</b>			<b>\$0</b>		<b>1,242,284</b>	<b>\$254,668</b>
David Pathe <sup>1</sup>	2019	–	–	–	–	RSUs	1,785,715	\$732,143
		–	–	–	–	PSUs	1,785,715	\$0
	2020	–	–	–	–	RSUs	5,468,750	\$2,242,188
		–	–	–	–	PSUs	5,468,750	\$0
	2021	–	–	–	–	RSUs	1,346,154	\$551,923
		–	–	–	–	PSUs	1,346,154	\$0
<b>Total</b>	<b>0</b>			<b>\$0</b>		<b>17,201,238</b>	<b>\$3,526,254</b>	
Yasmin Gabriel	2019	–	–	–	–	RSUs	25,511	\$10,460
		–	–	–	–	PSUs	25,511	\$0
	2020	–	–	–	–	RSUs	78,125	\$32,031
		–	–	–	–	PSUs	78,125	\$0
	2021	–	–	–	–	RSUs	170,521	\$69,914
		–	–	–	–	PSUs	170,521	\$0
<b>Total</b>	<b>0</b>			<b>\$0</b>		<b>548,314</b>	<b>\$112,405</b>	
Nathan Reeve <sup>2</sup>	2019	–	–	–	–	RSUs	127,552	\$52,296
		–	–	–	–	PSUs	127,552	\$0
	2020	–	–	–	–	RSUs	390,625	\$160,156
		–	–	–	–	PSUs	390,625	\$0
	2021	–	–	–	–	RSUs	96,154	\$39,423
		–	–	–	–	PSUs	96,154	\$0
<b>Total</b>	<b>0</b>			<b>\$0</b>		<b>1,228,662</b>	<b>\$251,875</b>	

	Option-based awards					Share-based awards		
		Number of securities underlying unexercised options	Options exercise price	Option expiration date	Value of unexercised in-the-money options	Type of award	Number of units that have not vested	Market or payout value of unvested unit awards not paid out or distributed
Steve Wood	2015	109,700	\$2.98	May 11, 2025	\$0	–	–	–
	2016	523,300	\$0.68	February 23, 2026	\$0	–	–	–
	2017	176,563	\$1.20	February 28, 2027	\$0	–	–	–
	2018	131,395	\$1.25	February 22, 2028	\$0	–	–	–
	2019	–	–	–	–	RSUs	576,531	\$236,378
		–	–	–	–	PSUs	576,531	\$0
	2020	–	–	–	–	RSUs	1,765,625	\$723,906
		–	–	–	–	PSUs	1,765,625	\$0
	2021	–	–	–	–	RSUs	434,616	\$178,193
		–	–	–	–	PSUs	434,616	\$0
<b>Total</b>	<b>940,958</b>					<b>5,553,543</b>	<b>\$1,138,477</b>	
Elvin Saruk	2013	71,800	\$5.14	March 3, 2024	\$0	–	–	–
	2014	87,100	\$3.00	March 3, 2024	\$0	–	–	–
	2015	135,000	\$2.11	March 13, 2025	\$0	–	–	–
	2016	314,000	\$0.68	February 23, 2026	\$0	–	–	–
	2017	151,563	\$1.20	February 28, 2027	\$0	–	–	–
	2018	112,791	\$1.25	February 22, 2028	\$0	–	–	–
	2019	–	–	–	–	RSUs	494,898	\$202,908
		–	–	–	–	PSUs	494,898	\$0
	2020	–	–	–	–	RSUs	1,515,625	\$621,406
		–	–	–	–	PSUs	1,515,625	\$0
2021	–	–	–	–	RSUs	373,077	\$152,962	
	–	–	–	–	PSUs	373,077	\$0	
<b>Total</b>	<b>872,254</b>					<b>4,767,200</b>	<b>\$977,276</b>	
Ward Sellers	2014	30,100	\$3.70	January 6, 2024	\$0	–	–	–
	2014	87,100	\$3.00	March 3, 2024	\$0	–	–	–
	2015	150,000	\$2.11	March 13, 2025	\$0	–	–	–
	2016	348,800	\$0.68	February 23, 2026	\$0	–	–	–
	2017	156,250	\$1.20	February 28, 2027	\$0	–	–	–
	2018	116,279	\$1.25	February 22, 2028	\$0	–	–	–
	2019	–	–	–	–	RSUs	510,205	\$209,184
		–	–	–	–	PSUs	510,205	\$0
	2020	–	–	–	–	RSUs	1,562,500	\$640,625
		–	–	–	–	PSUs	1,562,500	\$0
2021	–	–	–	–	RSUs	384,616	\$157,693	
	–	–	–	–	PSUs	384,616	\$0	
<b>Total</b>	<b>888,529</b>					<b>4,914,642</b>	<b>\$1,007,502</b>	

1. As per his separation agreement, Mr. Pathe had up until December 30, 2021 (90 days from his date of departure from Sherritt) to exercise his outstanding stock options. At no time during this period were these options exercisable. As a result, Mr. Pathe's outstanding options have been cancelled.
2. Nathan Reeve employment was terminated effective August 4, 2021. His outstanding share-based awards will be paid out to him in accordance with his associated Plan agreements.

### Value vested or earned during the year

The table below shows:

**Option-based awards:** What Steve Wood, Elvin Saruk and Ward Sellers would have realized from options that vested in 2021 if they had exercised them on the vesting date. One third of their 2018 option awards vested in 2021. The value is the difference between the option's exercise price and the closing price of our shares on the TSX on the vesting date. The difference was negative in each case, so the options were not in-the-money and had no value. See page 71 for information about the stock option plan.

- **Share-based awards:** The payout value of the 2018 mid-term incentives that vested in 2021 – see page 56 for information about how we calculated the payout value.
- **Non-equity incentive plan compensation:** The value of the 2021 short-term incentive – see page 50 for details.

	Option-based awards Value vested during the year	Share-based awards Value vested during the year	Non-equity incentive plan compensation Value earned during the year
Leon Binedell	\$0	\$0	\$437,720
David Pathe	\$0	\$560,000	\$795,094
Yasmin Gabriel	\$0	\$5,376	\$112,479
Nathan Reeve	\$0	\$0	\$72,672
Steve Wood	\$0	\$144,640	\$382,725
Elvin Saruk	\$0	\$124,160	\$295,260
Ward Sellers	\$0	\$128,000	\$225,000

### Securities authorized for issuance under equity compensation plans

The table below shows the total number of securities to be issued and available future issuance under our stock option plan (the *plan*) as at December 31, 2021. We are authorized to issue up to 17,500,000 shares (4.4% of the issued and outstanding shares as at December 31, 2021) under the plan. The number of shares available for future issuance includes shares that have not previously been reserved for an option grant and shares underlying unexercised options that have expired or were terminated.

	Securities to be issued upon exercise of outstanding options		Weighted-average exercise price of outstanding options	Securities remaining available for future issuance		Total securities issuable under option plan	
	Number	% of shares outstanding		Number	% of shares outstanding	Number	% of shares outstanding
Stock option plan approved by securityholders	4,120,191	1.04%	\$1.78	6,915,878	1.74%	11,036,069	2.78%

### Stock option plan

The plan was established in 1995, after the company was formed but before shares were distributed to the public. It was amended in 2005, 2007, 2010 and 2014. Under the plan, stock options can be issued to employees.

### Burn rates as of December 31

Calculated as the total number of options issued each year divided by the weighted average number of shares outstanding at the end of the year:

	2019	2020	2021
Total number of options issued	–	–	–
Weighted average number of shares outstanding on December 31	397,282,785	397,284,652	397,288,680
<b>Burn rate</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

### Limits

- Total number of shares that can be issued to one person (together with all other security based compensation arrangements): no more than 5% of our issued and outstanding securities
- Total number of shares that can be issued to insiders within a one-year period, or that can be issuable to insiders at any time under the plan (together with all other security based compensation arrangements): 10% of our issued and outstanding securities.
- The exercise price of an option cannot be lower than the market price of the shares at the date of grant.
- Exercising options is subject to our insider trading policy (see page 40).



## **Making changes to the plan**

The Board or the Human Resources Committee can change the terms of an option in compliance with the shareholder approved Stock Option Plan. The Board can make changes to the plan with required regulatory and shareholder approval, although a participant's previously granted options cannot be negatively affected without the participant's consent.

Changes that do not require shareholder approval include (among others):

- administrative changes
- changes to the vesting provisions of the stock option plan or any option
- changes to the stock option plan to comply with tax laws
- changes to termination provisions not providing an extension beyond the original expiry date, or a date beyond a permitted automatic extension in the case of an option expiring during a blackout period
- adding, changing or removing a cashless exercise feature, payable in cash or shares and providing for a full deduction of underlying shares from the option reserve.

Changes to the plan that require shareholder approval:

- changing the number of shares issuable under the plan
- reducing the exercise price or purchase price of an option
- changing termination provisions to provide an extension beyond the original expiry date (or the permitted automatic extension for options expiring in a blackout period)
- changing eligibility requirements that could increase insider participation
- allowing options to be transferable or assignable other than for normal estate settlement purposes.

No changes were made to the plan in 2021.

## RETIREMENT SAVINGS

Sherritt offers a Group retirement savings plan and an executive supplementary pension plan that is being phased out.

### Group retirement savings plan (Group RSP)

Eligibility	All Canadian-based employees, including the named executives
Description	Contributions are made on behalf of the employee to the employee's individual account under a Group RSP
Contributions	An amount equal to a fixed percentage of base salary is invested, as directed by the employee, into investment funds that they select from an approved list established by Sherritt's Management Retirement Committee.  We currently contribute 12% of each named executive's base salary to the group RSP. These amounts are reported under <i>All other</i> compensation in the summary compensation table (see page 67).
Withdrawal	Funds can be withdrawn at any time

Before 2018, senior executives who were subject to Canadian tax rules, and whose Group RSP contributions exceeded the limits prescribed by the *Income Tax Act* (Canada), were also able to participate in a supplementary pension plan. The plan was closed to contributions on January 1, 2018, and is being phased out.

The table below shows the value of the supplementary plans for the four executives who qualified to participate in the plan. No contributions were made to the named executives' supplementary plan accounts in 2021. The accumulated value of their accounts (less withholdings) will be paid out to them when their employment with Sherritt ends. Mr. Pathe's holdings were paid out to him upon termination.

	Accumulated value at start of the year	Accumulated value at the end of the year
David Pathe	\$722,012	\$0
Steve Wood	\$131,390	\$162,680
Elvin Saruk	\$628,817	\$794,255
Ward Sellers	\$108,541	\$122,543

# TERMINATION AND CHANGE OF CONTROL BENEFITS

## Employment agreements

The table below shows the termination arrangements in the employment agreements we have with the named executive.

	Named executives, excluding the CFO and interim CFO <sup>1</sup>	CFO <sup>2</sup>
Salary	24 months	18 Months
Short-term incentive	<ul style="list-style-type: none"> <li>• 2x the annual STI target value, plus</li> <li>• a pro-rata annual incentive for the year of termination</li> </ul>	<ul style="list-style-type: none"> <li>• 1.5 x the annual STI target value, plus</li> <li>• a pro-rata annual incentive for the year of termination</li> </ul>
Equity incentives	According to the terms of the plans for awards previously received	According to the terms of the plans for awards previously received
Benefits and perquisites	24 months	18 months

1. The interim CFO was not eligible for termination and change of control benefits outside of statutory severance..

2. Aligns with policy adopted for all new senior executives hired or appointed after August 1, 2021

## Termination arrangements

The table below describes how PSUs, RSUs and options are treated under different termination scenarios.

	Death or disability	Retirement	Resignation	Termination with cause	Termination without cause
RSUs and PSUs	<p>Vest immediately</p> <p>The PSU performance factor will be assumed to be at target (100%)</p>	Vest following the normal vesting schedule	Forfeited	Forfeited	Vest following the normal vesting schedule
Options	Vest on the date of death or disability and may be exercised within 180 days or the original expiry date, whichever is earlier	Continue to vest and may be exercised within five years of the retirement date or the original expiry date, whichever is earlier	<p>Vested options and options that vest within 90 days of the date of resignation may be exercised prior to the original expiry date</p> <p>Unvested options and vested options that have not been exercised after 90 days are cancelled</p>	Vested and unvested options are cancelled	<p>Vested options and options that vest within 90 days of the termination date may be exercised prior to the original expiry date</p> <p>Unvested options and vested options that have not been exercised after 90 days are cancelled</p>

## Change of control

Change of control provisions are included in the employment agreements of the named executives. Under the terms of these agreements, if an executive's employment is terminated without cause or if they resign for good reason (as defined in the respective agreements) within 24 months of a change of control or before a change of control at the request of an acquirer, the executive is entitled to certain benefits.

Change of control is defined as:

- (1) the acquisition (directly or indirectly) by any person or a combination of persons acting jointly or in concert (other than an entity or entities that were, immediately prior to such acquisition, affiliates of the company) of more than 50% of the voting securities of the company;
- (2) fifty percent or more of the issued and outstanding voting securities of the Corporation become subject to a voting trust other than a voting trust controlled by any entity or entities that were, immediately prior to such disposition, affiliates of the company;
- (3) a majority of the directors of the company are removed from office or fail to be re-elected at any annual or special meeting of Shareholders, or a majority of the directors resign from office over a period of 60 days or less, and the vacancies created thereby are not filled by appointments made by the remaining members of the Board;

- (4) the disposition of all or substantially all of the assets of the company other than to an entity or entities that were, immediately prior to such disposition, affiliates of the company;
- (5) where applicable, the disposition of all or substantially all of the assets of a division of the company in which the executive is employed other than to an entity or entities that were, immediately prior to such disposition, affiliates of the company;
- (6) any resolution is passed or any action or proceeding is taken with respect to the liquidation, dissolution or winding-up of the company;
- (7) the company amalgamates with one or more entities other than any entity or entities that were, immediately prior to such amalgamation, affiliates of the company, if the result of such amalgamation is that persons who were formerly shareholders of the company immediately prior to such amalgamation hold less than a majority of the voting securities of the amalgamated entity;
- (8) the company enters into any transaction or arrangement which would have the same or similar effect as any of the transactions referred to in the foregoing paragraphs; or
- (9) any person (other than the executive or any of his associates) makes a bona fide take-over bid for the shares of the company that, if successful, would result in a change of control of the company as defined in paragraph 1 above.

The treatment of share-based compensation awards upon a change of control is governed by:

- the terms of our compensation plans for a change of control without a termination, and
- and the terms of the respective employment agreements for each of the other named executives, for change of control with a termination.

The table below describes what the named executives are entitled to if there is a change of control with and without termination.

	Change of control without termination	Double trigger change of control: change of control <i>and</i> termination without cause or resignation with good reason within 24 months	
Severance	None	Lump sum payment equal to the sum of: <ul style="list-style-type: none"> <li>• 1.5x-2x base salary at date of termination (CFO-Other NEOs)</li> <li>• 1.5x-2x annual incentive at target performance (CFO-Other NEOs)</li> <li>• 18-24 months of retirement savings contributions (CFO-Other NEOs)</li> <li>• 18-24 months of perquisite allowance (CFO-Other NEOs)</li> <li>• 18-24 months of benefit premiums. (CFO-Other NEOs)</li> </ul>	
Helms-Burton allowance	Continues	Continues until the executive is removed from the Title IV list. Named executives are expected to take necessary action to be removed from the Title IV list, and will be provided with reasonable assistance as necessary.  Subject to quarterly certification that individual has not traveled to the US, payments continue for 2 years or for as long as the individual is a defendant in a lawsuit filed under Title III.	
RSUs, PSUs and options		<i>If Sherritt or the surviving or acquiring entity retains or assumes all of the outstanding RSUs, PSUs or options, or substitutes similar awards</i>	<i>If Sherritt or the surviving or acquiring entity does not retain, assume or substitute all of the outstanding RSUs, PSUs or options</i>
• RSUs and PSUs	Continue to vest following the normal vesting schedule	Outstanding RSUs and PSUs vest on termination (at target performance) if the units are not assumed or if employment is terminated without cause within 24 months of the change of control.	Outstanding RSUs and PSUs vest immediately before the change of control (at target performance).  If only part of Sherritt is subject to the change of control, these provisions will apply only to executives employed in the affected part of the business.
• Options	Options granted after 2014 continue to vest and become exercisable according to the normal schedule  Options granted in 2014 and earlier vest immediately	Outstanding options vest immediately and become exercisable in the 12 months following the termination date (subject to their original expiry date) if employment is terminated without cause within 24 months of the change of control.	Outstanding options vest immediately before the change of control.  If only part of Sherritt is subject to the change of control, these provisions will apply only to executives employed in the affected part of the business.

## Incremental payments

The incremental amounts payable to each named executive under various termination scenarios are set out in the table below. The estimated amounts in the table below include the amounts described in the table above, as well as other amounts payable based on the terms of our incentive plans.

We made the following assumptions to calculate the incremental benefit for each named executive:

- termination date of December 31, 2021
- closing share price as at December 31, 2021 of \$0.41.
- for retirement, termination without cause and change of control with termination, without cause or resignation with good reason, three months of Helms-Burton allowance
- the incremental amounts for named executive officers for a termination without cause are based on the terms of their employment agreements

	Leon Binedell	David Pathe <sup>1</sup>	Yasmin Gabriel	Steve Wood	Elvin Saruk	Ward Sellers
Resignation	\$0	–	\$0	\$0	\$0	\$0
Retirement	\$37,500	–	\$20,625	\$28,125	\$23,750	\$23,438
Termination with cause	\$0	–	\$0	\$0	\$0	\$0
Termination without cause	\$2,578,402	\$3,753,118	\$911,692	\$1,776,864	\$1,431,292	\$1,351,932
Change of control without termination	\$0	–	\$0	\$0	\$0	\$0
Double trigger: change of control <i>and</i> termination without cause or resignation with good reason within 24 months of the change of control	\$3,728,402	–	\$1,136,500	\$4,053,817	\$3,385,844	\$3,366,936

1. The amount for David Pathe was the actual incremental lump sum received upon termination effective September 30, 2021.

## OTHER INFORMATION

### Loans to directors and executive officers

None of our current or former directors, executive officers have had any loans outstanding to Sherritt or any of our subsidiaries at any time since the beginning of 2021 other than for routine indebtedness.

### Interest of informed persons in material transactions

We are not aware of an informed person, proposed director, or any of their associates or affiliates, having a material interest, direct or indirect, in any transaction since the beginning of 2021 or in any proposed transaction which has materially affected or would materially affect Sherritt or our subsidiaries.

### Non-GAAP measures

Sherritt uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, adjusted operating cash flow and free cash flow to monitor our performance and the performance of our operating divisions. Management believes these measures help investors and analysts compare our financial performance with our competitors, and evaluate the results of our underlying business.

Non-GAAP measures do not have a standard definition under IFRS, should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS, and may not be comparable to similar measures provided by other companies. See our 2021 MD&A for more information and a reconciliation of non-GAAP measures to the most directly comparable IFRS measure.

### For more information

Financial information for the year ended December 31, 2021 is provided in our 2021 Audited Consolidated Financial Statements and MD&A. Please contact us at if you would like to be added to the list to receive copies in the future. Write to the Corporate Secretary, Sherritt International Corporation, Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Suite 4220, Toronto, ON M5H 4E3.

Copies of our 2021 Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference, our most recently filed comparative annual financial statements, together with the auditor's report, and our interim financial statements that have been filed for any period after the end of our most recently completed financial year, and this circular are available free of charge, upon request, from the Corporate Secretary. Copies are also available on our website ([www.sherritt.com](http://www.sherritt.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

# APPENDIX A

## SHERRITT INTERNATIONAL CORPORATION

### MANDATE OF THE BOARD OF DIRECTORS

#### 1. GENERAL

The Board of Directors (the “Board”) is responsible for overseeing the management of the business and affairs of Sherritt International Corporation (the “Corporation”) according to lawful and ethical standards and in accordance with the Corporation’s viability as a going concern.

The Board has the power to delegate its authority and duties to committees of the Board as it determines appropriate, as permitted by applicable law. Board committees are accountable to the Board, which at all times retains its oversight function and ultimate responsibility for all delegated responsibilities.

#### 2. BOARD DUTIES AND RESPONSIBILITIES

##### Directors and Senior Management

- Appoint the Chair, the Lead Director (in cases where the Chair is not independent), the President and CEO and other senior officers and, as permitted by applicable law, delegate to senior management responsibility for the Corporation’s day-to-day operations.
- With the assistance of the Nominating and Corporate Governance Committee, evaluate the performance of the Chair against the position description developed by the Board.
- With the assistance of the Human Resources Committee, evaluate the performance of the President and CEO against the position description developed by the Board. In cases where the role of Chair and President and CEO is combined, the Chair shall be excluded from this evaluation.
- With the assistance of the Nominating and Corporate Governance Committee, ensure that management maintains a process that adequately provides for succession planning of senior management.

##### Ethical Leadership

- Foster an ethical corporate environment and ensure that the President and CEO and other senior officers manage the business and affairs of the Corporation in an ethical and legal manner and exhibit ethical leadership throughout the Corporation.

##### Strategic Direction and Risk Assessment

- With the assistance of the applicable Board committee, assess and approve management’s strategic plan and review and approve annual business plans developed and proposed by management. The Board will:
  - provide advice and input regarding strategic opportunities, issues and circumstances which could threaten the Corporation’s viability as a going concern;
  - approve business and operational policies within which management will operate in relation to capital expenditures, acquisitions and dispositions, disclosure and communications, finance and investment, risk management and human resources;
  - set annual corporate and management performance targets consistent with the Corporation’s strategic plan;
  - review and discuss with management the process used by management to assess and manage risk, including the identification by management of the principal risks of the Corporation’s business and the implementation by management of appropriate systems to deal with such risks; and
  - confirm that processes are in place to address and comply with applicable legal, regulatory, corporate, securities and other compliance matters.

##### Financial Reporting and Management

- The Board will review and approve annual operating and capital budgets.
- With the assistance of the Audit Committee, the Board will:
  - review and oversee the integrity of the Corporation with respect to its compliance with applicable audit, accounting and financial reporting requirements;

- oversee the integrity of the Corporation’s disclosure controls and procedures and internal controls over financial reporting, and management information systems;
- review operating and financial performance results relative to established strategies, plans, budgets and objectives; and
- approve the Corporation’s annual financial statements and related management’s discussion and analysis and earnings press releases.

### **Disclosure, Communications and Insider Trading**

- With the assistance of the Nominating and Corporate Governance Committee, satisfy itself that appropriate policies and procedures are in place regarding public disclosure, communications and restricted trading by insiders.

### **Corporate Governance**

- With the assistance of the Nominating and Corporate Governance Committee, the Board will:
  - ensure that there exists an appropriate system of corporate governance, including practices to facilitate the Board’s independence;
  - ensure that the necessary Board committees are in place and approve: (i) any changes to their respective mandates; (ii) the mandate of any new committee; and (iii) the authority delegated to each committee;
  - ensure that there exists appropriate processes for the annual evaluation of Board and committee effectiveness and the contributions of individual directors; and
  - approve the nomination of directors.

### **Environment, Social & Governance (ESG)**

- Oversee and monitor the Company’s environmental, social and governance (“**ESG**”) and corporate social responsibility initiatives.
- oversee the Corporation’s general strategy and direction with respect to ESG Matters, including the identification, assessment and prioritization of material and strategically significant ESG Matters.

### **Independence**

In cases where the Chair is not independent, a Lead Director shall be appointed annually from among the independent directors by a majority of the independent directors and shall be recommended by the Nominating and Corporate Governance Committee. The Lead Director may also be removed by a majority of independent directors.

The principal role of the Lead Director is to facilitate the functioning of the Board independent of management and the Chair and serve as an independent leadership contact for the directors and senior executives. The Lead Director shall consult with the Chair and approve the agendas, board materials and schedules for board meetings, preside over in camera sessions of independent directors, call, if necessary, the holding of special meetings of the Board or independent directors and oversee the annual Board and individual director evaluation process (including providing the Chair with an annual performance evaluation). The Lead Director shall also be available for consultation and direct communication with shareholders and other key stakeholders, from time to time.

### **Compensation of Senior Officers and Directors**

With the assistance of the Human Resources Committee, the Board will:

- approve the compensation of the President and CEO and senior management reporting directly to the President and CEO, as well as compensation policies for the President and CEO and other senior officers;
- approve the compensation of directors, including the Chair; and
- approve any equity-based compensation plans for eligible directors, officers and other employees of the Corporation.

### **Environment, Health, Safety and Sustainability**

- With the assistance of the Reserves, Operations and Capital Committee, the Board will:
  - monitor the scope of environment, health and safety, security and sustainability risks to the Corporation’s operations and future growth and ensure the adequacy and effectiveness of the Corporation’s management systems and controls to mitigate these risks and attendant liabilities;



- ensure compliance with legal and regulatory requirements and any voluntary commitments the Corporation has made related to environment, health and safety, security and sustainability with a focus on continuous improvement and ensuring consistent practice across the Corporation and its divisions;

### **3. DIRECTOR DUTIES AND RESPONSIBILITIES**

- Each director must act honestly and in good faith with a view to the best interests of the Corporation and its shareholders by exercising the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In order to fulfill this responsibility, each director is expected to:
  - participate with management in assessing strategic and business plans;
  - develop and maintain a thorough understanding of the Corporation's operational and financial objectives, financial position and performance and the performance of the Corporation relative to its principal competitors;
  - participate in each meeting, including seeking clarification from management and outside advisors where necessary to fully understand the issues under consideration;
  - disclose any personal interests that conflict with, or may appear to conflict with, the interests of the Corporation; and
  - engage in continuing education programs for directors, as appropriate.

### **4. BOARD COMPOSITION**

- With the assistance of the Nominating and Corporate Governance Committee, determine the size and composition of the Board, Board member qualifications and Board member independence to ensure that a majority of directors qualify as independent directors as determined under applicable Canadian securities laws.

### **5. CHAIR OF THE BOARD**

In cases where the Chair is an independent director, the Chair is responsible for ensuring that the Board operates independently of management and that directors have an independent leadership contact.

#### **Specific Roles and Responsibilities**

- The Chair will:
  - chair meetings of the directors and assume such other responsibilities which the directors as a whole may designate from time to time;
  - ensure that directors have adequate opportunities to meet without management present;
  - communicate to senior management as appropriate the results of private discussions among directors;
  - monitor compliance with the Corporation's governance policies; and
  - meet annually with each director to obtain insight as to areas where the Board and its committees could be operating more effectively.

In cases where the Chair is not an independent director, the Lead Director will chair all in-camera meetings of the independent directors and ensure that such directors have adequate opportunities to meet without management, as well as informing the Chair of the results of private discussion among the independent directors.

Please refer to the Corporation's document entitled "Chair's Terms of Reference", attached as Appendix "B" for additional responsibilities of the Chair.

### **6. BOARD MEETINGS**

- Board meetings are scheduled in advance and are held not less than quarterly.
- In addition to regularly scheduled Board meetings, additional Board meetings may be called upon proper notice at any time to address specific needs of the Corporation.
- An in-camera session will be held at each regularly scheduled Board meeting.
- The Board may also take action from time to time by unanimous written consent.
- A Board meeting may be called by the Chair, the Lead Director (if applicable) or any director.

## APPENDIX B

### CHAIR'S TERMS OF REFERENCE

The principal role of the Chair of the Board of Directors ("Board") of Sherritt International Corporation (the "Corporation") is to provide leadership to the Board. The Chair is responsible for effectively managing the affairs of the Board and ensuring that the Board is properly organized and that it functions efficiently and independent of management. The Chair also advises the President and Chief Executive Officer in all matters concerning the interests of the Corporation, the Board and the relationships between management and the Board.

More specifically, the Chair shall:

#### **A. Strategy**

1. Provide leadership to enable the Board to act effectively in carrying out its duties and responsibilities as described in the Mandate of the Board and as otherwise may be appropriate.
2. Work with the Board, the President and Chief Executive Officer and other management to monitor progress on the Corporation's business plans, annual budgets, policy implementation and succession planning.
3. Assist the President and Chief Executive Officer in presenting the corporate vision and strategies to the Board, large shareholders, partners and the outside world.

#### **B. Advisor to President and Chief Executive Officer**

4.
  - a. Provide advice, counsel and mentorship to the incumbent President and Chief Executive Officer; and
  - b. In consultation with the President and Chief Executive Officer, ensure that there is an effective relationship between management personnel and the members of the Board.

#### **C. Board Structure and Management**

5. Preside over Board meetings and annual and special meetings of shareholders.
6. Provide advice, counsel and mentorship to fellow members of the Board.
7. Execute the responsibilities of a company director according to the lawful and ethical standards and in accordance with the Corporation's policies.
8. Take a leading role in determining the composition of the Board and its committees to achieve maximum effectiveness.
9. In consultation with the President and Chief Executive Officer, the Corporate Secretary and the chairs of the Board committees, as appropriate, determine the frequency, dates and locations of meetings of the Board, of Board committees and of the shareholders.
10. In consultation with the President and Chief Executive Officer, Corporate Secretary, review the annual work plan and the meeting agendas to ensure all required business is brought before the Board to enable it to efficiently carry out its duties and responsibilities.
11. Ensure the proper flow of information to the Board and review, with the President and Chief Executive Officer, Corporate Secretary and the Lead Director, the adequacy and timing of materials in support of management personnel's proposals.

#### **D. Compensation Matters and Succession Planning**

In conjunction with the Human Resources Committee:

12. Recommend compensation awards for President and Chief Executive Officer and be available to advise the Board on general compensation matters.
13. Advise the Board on performance of the President and Chief Executive Officer and succession planning of the President and Chief Executive Officer.





### **Questions? Need help voting?**

Please contact our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors

North America toll-free phone: 1-800-749-9197

E-mail: [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com)

Fax: 416-867-2271

Toll-free fax: 1-866-545-5580

Outside North America, banks and brokers call collect: 416-867-2272