



# **AGNICO EAGLE**

## **AGNICO EAGLE MINES LIMITED**

### **CORPORATE GOVERNANCE COMMITTEE CHARTER**

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This Charter shall govern the activities of the corporate governance committee (the "Corporate Governance Committee") of the board of directors (the "Board of Directors") of Agnico Eagle Mines Limited (the "Corporation").

#### **I. PURPOSE OF THE CORPORATE GOVERNANCE COMMITTEE**

The Corporate Governance Committee shall advise and make recommendations to the Board of Directors in its oversight role with respect to: (a) the development of the Corporation's corporate governance policies, principles, practices and processes; (b) the effectiveness of the Board of Directors and its committees; (c) the contributions of individual directors; (d) the identification of individuals qualified to become members of the Board of Directors; and (e) the selection of director nominees for election by the shareholders or, in certain circumstances, appointment by the Board of Directors.

The Corporate Governance Committee shall have the authority to delegate to one or more of its members, responsibility for developing recommendations for consideration by the Corporate Governance Committee with respect to any of the matters referred to in this Charter.

#### **II. COMPOSITION**

The Corporate Governance Committee shall be comprised of a minimum of three directors, each of whom shall be unrelated and independent as determined by the Board of Directors in accordance with the applicable requirements of the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities. (See Schedule A for requirements.)

The members of the Corporate Governance Committee shall be appointed by the Board of Directors annually at the first meeting of the Board of Directors after a meeting of the shareholders at which directors are elected and each member shall serve until: the next annual meeting of shareholders; they resign; their successors are duly appointed; or such member is removed from the Corporate Governance Committee by the Board of Directors. The Board of Directors shall designate one member of the Corporate Governance Committee as the chair of the Corporate Governance Committee (the "Chair"), but if it fails to do so, then the members of the Corporate Governance Committee may designate the Chair by a majority vote of the full Corporate Governance Committee membership.

### **III. MEETINGS**

The Corporate Governance Committee shall meet at least twice annually and more frequently as desired or required. The Corporate Governance Committee shall seek to act on the basis of consensus, but an affirmative vote of a majority of members of the Corporate Governance Committee participating in any meeting of the Corporate Governance Committee shall be sufficient for the adoption of any resolution.

### **IV. RESPONSIBILITIES AND DUTIES**

The Corporate Governance Committee's primary responsibilities are to:

1. review and assess the adequacy of this Charter, at least annually and, where necessary or desirable recommend changes to the Board of Directors;
2. review the Board of Directors committee structure on an annual basis and recommend to the Board of Directors any changes it considers necessary or desirable with respect to that committee structure, including (all in consultation with the chairman of the Board of Directors): (a) the charters of each committee; (b) the criteria for membership on any committee; (c) the composition of each committee; (d) the appointment and removal of members from any committee; (e) the operations of each committee, including the ability of any committee to delegate any or all of its responsibilities to a sub-committee of that committee; and (f) the process for each committee reporting to the Board of Directors;
3. review the Corporation's corporate governance practices at least annually and recommend appropriate policies, practices and procedures to the Board of Directors;
4. review the corporate governance sections of the management information circular distributed to the Corporation's shareholders, including the statement of corporate governance practices;
5. develop and recommend to the Board of Directors a process for assessing the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors and the contribution of individual directors and be responsible for overseeing the execution of the assessment process approved by the Board of Directors;
6. evaluate its effectiveness and the effectiveness of its members pursuant to the process for such evaluation approved by the Board of Directors;
7. review at least annually the skills, areas of expertise, backgrounds, independence and qualifications of the members of the Board of Directors;
8. review annually the size and composition of the Board of Directors to ensure that there remain an appropriate number of "unrelated" and "independent" directors;
9. develop and recommend to the Board of Directors a "Resignation Policy" for members of the Board of Directors;

10. review and assess, on an annual basis, the performance of individual directors and administer and apply the Resignation Policy;
11. develop and recommend to the Board of Directors an "Outside Board Participation Policy";
12. administer and apply the Outside Board Participation Policy;
13. serve as a forum for individual directors to voice any concerns on matters not readily discussed at regular Board of Directors meetings;
14. recommend to the Board of Directors a system which enables an individual director to engage outside advisers at the Corporation's expense in appropriate circumstances and with the approval of the Corporate Governance Committee;
15. recommend to the Board of Directors appropriate criteria for the selection of new directors, which criteria shall include diversity considerations, periodically review the criteria adopted by the Board of Directors and, if deemed desirable, recommend to the Board of Directors changes to such criteria;
16. identify and recommend qualified candidates to the Board of Directors who meet the selection criteria approved by the Board of Directors, which criteria shall include diversity considerations, and recommend the slate of nominees for election by shareholders at the annual meeting (and in this regard the Corporate Governance Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates or to otherwise assist the Corporate Governance Committee in the discharge of its responsibilities, including the sole authority to approve the search firm's fees and other retention terms);
17. recommend to the Board of Directors structures and procedures to enable the Board of Directors to function independently of management and oversee the development and implementation of any structures and procedures approved by the Board of Directors;
18. review requests from management for waivers from the "quiet period" as set out in the Corporation's Corporate Disclosure Controls, Procedures and Policies, and grant or deny such waivers as the Committee considers appropriate;
19. review the relationship of the Board of Directors with management and recommend, where appropriate, limits on management's authority to act without the express approval of the Board of Directors;
20. assess shareholder proposals as necessary for inclusion in the management information circular and make appropriate recommendations to the Board of Directors;
21. oversee (a) the development and implementation of orientation programs for new directors; and (b) continuing education for all directors;

22. report to the Board of Directors following each meeting of the Corporate Governance Committee and at such other times as the Board of Directors may consider appropriate; and
23. exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Corporate Governance Committee by the Board of Directors.

## SCHEDULE A

### *Unrelated Director*

Under the Toronto Stock Exchange rules, "independent director" means a director who:

- (a) is not a member of management and is free from any interest and any business or other relationship which in the opinion of the Exchange could reasonably be perceived to materially interfere with the director's ability to act in the best interest of the company; and
- (b) is a beneficial holder, directly or indirectly, or is a nominee or associate of a beneficial holder, collectively of 10% or less of the votes attaching to all issued and outstanding securities of the applicant.

The Exchange will consider all relevant factors in assessing the independence of the director. As a general rule, the following persons would not be considered an independent director:

- i) a person who is currently, or has been within the past three years, an officer, employee of or service provider to the company or any of its subsidiaries or affiliates; or
- (c) ii) a person who is an officer, employee or controlling shareholder of a company that has a material business relationship with the applicant.

### *Independent Director*

#### National Instrument – 52-110

A director is "independent" if he or she has no direct or indirect material relationship with the issuer. The following summarizes the major aspects of National Instrument 52-110 – *Audit Committees* ("NI52-110") relating to the independence of a director.

#### *Certain Relationships Automatically Exclude a Director From Serving on the Audit Committee*

If a director (or a member of the director's immediate family) has a specified type of relationship with the issuer (which includes the issuer's parent and subsidiary entities), then that director will not be considered independent. NI52-110 assumes that the following persons have a material relationship with the issuer (and are therefore precluded from sitting on the audit committee):

#### *Employment Relationships*

- an individual who is, or has been within the last three years, employee or executive officer of the issuer or an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
- an individual who, or whose immediate family member, is, or has been within the last three years, an executive officer of another entity if any of the issuer's current

executive officers serves or served at that same time on the compensation committee of that entity;

- an individual who received, or whose immediate family member who is employed as an executive officer of the issuer who received, more than C\$75,000 in direct compensation from the issuer during any 12 month period within the last three years (other than remuneration for acting as a member of the board of directors or any board committee of the issuer and fixed amounts received under a retirement plan for prior service with the issuer that is not contingent on continued service);

*Relationships with Internal or External Auditors*

- an individual who is a partner or employee of the issuer's internal or external auditor or an individual who was within the last three years a partner or employee of the issuer's internal or external auditor and personally worked on the issuer's audit within that time;
- an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual, is (i) a partner of the issuer's internal or external auditor, (ii) an employee of the issuer's internal or external auditor and participates in its audit, assurance or tax compliance (but not tax planning) practice, (iii) or an individual who was within the last three years a partner or employee of the issuer's internal or external auditor and personally worked on the issuer's audit within that time;

*Advisory or Consulting Relationships*

- an individual who accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than remuneration for acting as a member of the board or any board committee or as a part-time chair or vice-chair of the board or any board committee, including the indirect acceptance of a fee by an individual's spouse, minor child or stepchild, or child or stepchild who shares the individual's home or by an entity in which such individual is a partner, member, officer such as a managing director or executive officer and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer; and

*Relationships with Affiliated Entities*

- an individual who is an affiliated entity of the issuer or any of its subsidiary entities, where affiliated entity means a person that has the direct or indirect power to direct or cause the direction of management and the policies of the issuer or any of its subsidiary entities, whether through ownership of voting securities or otherwise (other than an individual who owns, directly or indirectly, ten percent or less of any class of voting securities of the issuer and is not an executive officer of the issuer) or an individual who is both a director and an employee of an affiliated entity or an executive officer, general partner or managing member of an affiliated entity.

*The Materiality of Other Relationships is for the Board to Determine*

If a director has a direct or indirect relationship with the issuer, then it will be material if, in the view of the issuer's board of directors, the relationship could reasonably interfere with the exercise of the director's independent judgement. These relationships may include commercial, charitable, industrial, banking, consulting, legal, accounting or familial relationships or any other relationship that the board considers to be material.

New York Stock Exchange Rules

Under the New York Stock Exchange rules, the following requirements must be met to qualify as an "Independent Director":

- (a) no director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). Companies must disclose these determinations;
- (b) in addition, the following persons are not independent:
  - any director who is (or who has an immediate family member who is) an executive officer, other than on an interim basis, of the listed company;
  - any director who receives (or who has an immediate family member who receives) more than \$120,000 per year in direct compensation from the listed company;
  - any director who is (or who has an immediate family member who is, in a professional capacity) a partner or employee of the listed company's internal or external auditor;
  - any director who is (or who has an immediate family member who is) employed as an executive officer of another company where any of the executives of the listed company also serves or served on that other company's compensation committee; and
  - any director who is an employee (or who has an immediate family member who is an executive officer) of another company that has made payments to, or received payments from, the listed company for property or services which exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

*Three Year "Cooling Off" Period.* For each of the categories above where a director is not (or is presumed not to be) independent, there is a three-year "cooling off" period. Accordingly, the existence of the prohibited relationship at any time during the preceding three years is presumed to impair independence.