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**METHANEX CORPORATION**

**CORPORATE GOVERNANCE PRINCIPLES**

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# CORPORATE GOVERNANCE PRINCIPLES

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## **1. OBJECT OF THESE CORPORATE GOVERNANCE PRINCIPLES**

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The Board of Directors of Methanex Corporation (the “Company”) has adopted these Corporate Governance Principles as it is responsible for providing the foundation for a system of principled goal-setting, effective decision-making and ethical actions, with the objective of establishing a vital corporate entity that provides value to the Company’s shareholders.

## **2. CODE OF ETHICS**

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All directors, officers and employees are expected to display the highest standard of ethics. The Company has a Code of Business Conduct to establish guidelines for ethical and good business conduct by directors, officers and employees and the Code shall include guidance regarding conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality, fair dealing with third parties, compliance with laws and the reporting of illegal or unethical behaviour. The Board, through both the Audit, Finance & Risk Committee and the Corporate Governance Committee, shall monitor compliance with the Code and annually review the Code’s contents.

## **3. BOARD RESPONSIBILITIES**

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The business of the Company is conducted by its employees, managers and officers, under the direction of the President and Chief Executive Officer (the “CEO”) and the stewardship and supervision of the Board of Directors.

The Board’s mandate is to oversee and provide policy guidance on the business and affairs of the Company, which includes;

- monitoring overall corporate performance;
- overseeing compensation and succession planning for, and performance of, executive officers, including the appointment and performance of the CEO;
- adopting a strategic planning process and approving, at least annually, a strategic plan that takes into account, among other things, the opportunities and risks of the business;
- evaluating the integrity of, and overseeing the implementation of, the Company’s management information systems and internal controls and procedures;
- identifying and overseeing the implementation of systems to manage the principal risks of the Company’s business;
- overseeing the implementation of appropriate disclosure controls, including a communication policy for the Company;
- developing the Company’s approach to corporate governance; and
- to the extent feasible, satisfying itself as to the integrity of the CEO and other executive officers and that the CEO and executive officers create a culture of integrity throughout the organization.

## **4. DIRECTOR RESPONSIBILITIES**

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### **Act in best interests**

The primary responsibility of each director is to:

- a) act honestly and in good faith with a view to the best interest of the Company; and,
- b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **Participation**

Directors are expected to prepare for, attend, and participate in meetings of the Board and the committees of which they are members. Directors will maintain the confidentiality of the deliberations and decisions of the Board and information received at meetings, except as may be specified by the Chair or if the information is publicly disclosed by the Company.

### **Performance**

Performance as a director is the main criterion for determining a director's on going service on the Board. To assist in determining performance, each director will take part in an annual performance evaluation process that shall include both a peer and self-evaluation and a confidential discussion with the Chair.

### **Ongoing education**

Directors are encouraged to attend seminars, conferences, and other continuing education programs to help ensure that they stay current on relevant issues such as corporate governance, financial and accounting practices and corporate ethics. From time to time, the Corporation will arrange for site visits and other special presentations intended to deepen the directors' familiarity with the Company and its affairs.

## **5. BOARD LEADERSHIP**

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### **Selection of Chair and CEO**

The Board elects its Chair and appoints the Company's CEO. As a general principle, the Board believes that the Chair and the CEO should not be the same person.

### **Lead Independent Director**

In order to ensure independent Board leadership, the Board is committed to having either an independent Chair or a Lead Independent Director. If the Chair is not independent, the independent directors on the Board (please refer to Exhibit A for definition of independent director) shall select from among themselves a Lead Independent Director.

Either the Chair or the Lead Independent Director, as applicable, shall chair regular meetings of the independent directors and assume other responsibilities described in the Terms of Reference for the Chair or the Lead Independent Director (as applicable) or which the Corporate Governance Committee may designate.

## 6. BOARD MEMBERSHIP

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### Criteria for Board membership

The Corporate Governance Committee will review each year the credentials of candidates to be considered for nomination to the Board. The objective of this review will be to maintain a composition of the Board which provides a satisfactory mix of skills and experience. This review will include taking into account the desirability of maintaining diversity (as described below) while also maintaining common characteristics such as personal integrity, achievement in individual fields of expertise and a willingness to devote necessary time to Board matters. The Corporate Governance Committee will recommend to the Board the action to be taken to effect changes in incumbent directors if, in the opinion of the Committee after discussion with the Chair and the CEO, such changes are deemed appropriate.

### New directors

The Corporate Governance Committee is responsible for identifying new candidates to be recommended for election to the Board and is also responsible for establishing criteria for the selection of new directors and conducting all necessary inquiries into their backgrounds and qualifications and making recommendations to the full Board.

### Diversity

The Board has implemented a Board Diversity Policy that recognizes the importance of diversity, including gender diversity, at all levels of the Company including the Board. Board diversity promotes the inclusion of different perspectives and ideas and ensures that Methanex has the opportunity to benefit from all available talent. This enhances and improves decision making, which helps maintain a competitive advantage and makes for better corporate governance.

Our Board believes that having diversity in the background and perspectives of its directors is essential for creating an appropriate balance of skills, experience, independence and knowledge required on the Board and enhancing board effectiveness. For the purposes of the Board Diversity Policy “diversity” encompasses characteristics or qualities that can be used to differentiate groups and people from one another and includes gender and gender identity, sexual orientation, visible minorities, Aboriginal peoples, persons with disabilities,<sup>1</sup> age, education, business experience, professional expertise, personal character and interests, stakeholder perspectives, geographic background and other diverse attributes.

These diversity attributes and the Board’s diversity target, described below, are factored into the recruitment and decision-making process when new Board appointments are made. When engaging external search consultants to identify future candidates for Board roles, such consultants are requested to take full account of all aspects of diversity in preparing their candidate list and are asked to provide a diverse and balanced slate. Ultimately, appointments are based on merit, measured against objective criteria.

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<sup>1</sup> “Aboriginal peoples”, “persons with disabilities” and “members of visible minorities” have the meanings given to them in the *Employment Equity Act (Canada)*

The Board has set as a target that at least 40% of independent directors be represented by women, Aboriginal peoples, persons with disabilities, members of visible minorities and LGBTQ+, while maintaining a composition in which each gender comprises at least 30% of the independent directors.

### **Majority Voting**

The Company has implemented a majority voting policy which provides that any nominee for election as a director at an Annual General Meeting for whom the number of votes withheld exceeds the number of votes cast in his or her favour, is deemed not to have received the support of shareholders even though duly elected as a matter of law.

### **Orientation**

The Company will provide new directors with an orientation to the Company, its management structure and operations, the industry in which the Company operates, and key legal, financial and operational issues. An information package will be provided that will include information about the duties of directors, the business of the Company, documents from recent Board meetings, information regarding corporate governance and the structure and procedures of the Board and its committees. New directors will also be provided with an opportunity to meet senior management and other directors and to tour the Company's operations.

### **Board composition**

The Company's bylaws provide for the directors to establish the number of directors to sit on the Board within a broad minimum/maximum range. The directors are to determine a size of Board large enough to provide experiential, demographic and personal diversity, yet small enough to allow for efficient operation and decision-making. The Corporate Governance Committee annually reviews the size of the Board and recommends any changes it determines appropriate. The Board is to be composed of a substantial majority of independent directors.

### **Directors who change their occupation**

Directors who retire or otherwise leave or change their employment, should not necessarily leave the Board. In this circumstance, the Corporate Governance Committee shall review the appropriateness of a director's continued service on the Board. When continued service does not appear appropriate, the director may be asked to stand down.

### **Director Tenure**

The Directors are elected by the shareholders at every Annual General Meeting. The term of office of each director shall expire at the close of the Annual General Meeting of Shareholders following that at which he or she was elected.

The Company has implemented a Director Tenure Policy. This Policy recognizes that continuity on the Board is an asset and is essential to an effective and well-functioning Board. However, the Company also values board renewal and believes it is critical to ensuring a high performing board over the long-term. Additionally, the Company recognizes the value in turnover of Board membership as it provides an ongoing input of fresh ideas and new knowledge.

The Director Tenure Policy does not include cumulative term limits or a mandatory retirement age for directors. Instead, the Policy outlines the processes the Company has in place to effectively manage board renewal, such as annual evaluations and developing and annually reviewing a long-term board succession plan.

### **Other Board memberships**

Whether service on other boards is likely to interfere with the performance of a director's duties to the Company depends on the individual and the nature of their other activities. The Board believes that the commitment required for effective membership on the Company's Board is such that directors are to consult with the Chair and the Chair of the Corporate Governance Committee prior to accepting an invitation to serve on another board.

## **7. BOARD COMPENSATION**

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Directors are required to devote significant time and energy to the performance of their duties. To attract and retain able and experienced directors, they are to be compensated competitively. The Corporate Governance Committee is responsible for reviewing the compensation and benefits of directors and making a recommendation to the Board. Directors who are employees of the Company receive no additional compensation for service on the Board.

Director compensation consists of cash and share-based long-term incentives. The cash portion will be comprised of an annual retainer and may be supplemented by other fees. The long-term incentives will normally be structured so as to vest over time because time-based vesting assists in retaining the continued services of directors and aligning their actions with long-term shareholder interests.

## **8. SHARE OWNERSHIP**

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The Company shall establish Company share ownership requirements for directors and executive officers. Other managers of the Company will have share ownership guidelines. These requirements and guidelines help to more closely align the economic interests of these individuals with those of other stockholders.

## **9. ASSESSING THE BOARD'S PERFORMANCE**

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The Board and each Board committee will conduct an annual self-evaluation. The Corporate Governance Committee is responsible for overseeing these evaluations and reporting their results to the Board. The purpose of these reviews is to contribute to a process of continuous improvement in executing the responsibilities of the Board and its committees.

All directors are encouraged to make suggestions on improving the practices of the Board and its committees at any time and direct those suggestions to the Chair or the appropriate committee chair.

## **10. BOARD'S INTERACTION WITH SHAREHOLDERS**

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The Company has a Shareholder Engagement Policy that outlines the roles of management and the Board when communicating with shareholders and the investment community. The CEO, SVP & CFO and the Investor Relations Department are the primary spokespeople for communications, and management will report to the Board on material shareholder comments and feedback. The Board is ultimately responsible for the supervision of the discharge by management of its shareholder communication and engagement responsibilities. Directors may also participate with management in one-on-one meetings or investor events upon management's request.

Shareholders also have the right to communicate directly with the Board through letters to the Board Chair, as well as request meetings. The Chair of the Board will consider meeting requests in consultation with the Corporate Secretary, having regard to the Company's Corporate Disclosure Policy.

## **11. MEETING PROCEDURES**

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### **Scheduling of Board meetings and selection of agenda items**

The Board holds approximately six regular Board meetings each year. The Chair and the CEO, in consultation with the Corporate Secretary, develop the agenda for each Board meeting. Directors are encouraged to suggest items they would like to have considered for the meeting agenda.

### **Board materials distributed in advance**

Information supporting Board meeting agenda items is to be provided to directors approximately seven days before the meeting. Such materials should focus attention on the critical issues to be considered by the Board.

### **Non-directors at Board meetings**

The Chair shall ensure those Company officers and other members of management who attend Board meetings (1) can provide insight into the matters being discussed and/or (2) are individuals with high potential who the directors should have the opportunity to meet and evaluate. Management should consult with the Chair if it proposes that any outside advisors attend a Board meeting.

### **Sessions of independent directors**

Every in-person Board meeting shall be accompanied by an independent directors' session at which no executive directors or other members of management are present. The object of the session is to ensure free and open discussion and communication among the non-executive, independent directors. The Chair (or the Lead Independent Director if the Chair is not independent) shall chair such meetings. If the Lead Independent Director chairs such meetings, he or she shall regularly advise the Chair of the business of such meetings.

## **12. COMMITTEE MATTERS**

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### **Committee structure**

The Board, through the Corporate Governance Committee, shall constitute such committees as it determines necessary and as may be required by law. Each committee will have its own mandate that shall set forth the committee's responsibilities, structure and procedure.

The current committee structure and the performance of each committee is to be reviewed annually by the Corporate Governance Committee.

### **Assignment of directors to committees**

The Corporate Governance Committee is responsible for proposing to the Board those individuals who will be the Chair and members of each committee on an annual basis. In preparing its recommendations, the Committee will consult with the Chair and the CEO and take into account the preferences of the individual directors.

Committee assignments should be based on the director's knowledge, interests and areas of expertise. The Board believes experience and continuity are more important than rotation and that directors should only be rotated if doing so is likely to improve Committee performance or facilitate the work of the Committee.

### **Frequency and length of committee meetings**

Each committee chair will develop that committee's meeting agenda through consultation with members of the committee, management and the Corporate Secretary. The chair of each committee will determine the schedule of meetings of that committee based upon an annual work plan designed to discharge the responsibilities of the committee as set out in its mandate.

## **13. BOARD RELATIONSHIP TO SENIOR MANAGEMENT**

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Directors have complete access to the Company's senior management.

The Board also encourages directors to make themselves available for consultation with management outside Board meetings in order to provide counsel on subjects where such directors have special knowledge and experience.

## **14. ACCESS TO RESOURCES AND ENGAGEMENT OF ADVISORS**

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The Board and each committee shall have the resources and authority appropriate to discharge their duties and responsibilities. This shall include the power to hire outside advisors without consulting or obtaining the approval of management in advance. Any individual director who wishes to engage an outside advisor should review the request with the Chair.

## **15. EVALUATION AND SUCCESSION OF EXECUTIVE OFFICERS**

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### **Performance evaluation of the CEO**

The Board, through the Human Resources Committee, will annually review the CEO's performance as measured against mutually agreed goals and objectives. This review will also be used in establishing the CEO's annual compensation.

### **Performance evaluation and succession planning of executive officers**

The Board, through the Human Resources Committee, will annually review the performance and compensation packages of the officers of the Company who report directly to the CEO and any other officers whose compensation is required to be publicly disclosed and will also annually review the succession plan for the CEO and the executive officers.

## **16. REVIEW OF CORPORATE GOVERNANCE PRINCIPLES**

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The Corporate Governance Committee shall review these Corporate Governance Principles periodically and report to the Board any recommendations it may have for their amendment.

## **Inquiries**

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## EXHIBIT A

"Independent Director" means a person other than an Executive Officer or employee of the Company or any other individual having a relationship which, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. For purposes of this rule, "Family Member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home. The following persons shall not be considered independent:

- (A) a director who is, or at any time during the past three years was, employed by the Company;
- (B) a director who accepted or who has a Family Member who accepted any compensation from the Company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
  - (i) compensation for board or board committee service;
  - (ii) compensation paid to a Family Member who is an employee (other than an Executive Officer) of the Company; or
  - (iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation.
- (C) a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the company as an Executive Officer;
- (D) a director who is, or has a Family Member who is, a partner in, or a controlling Shareholder or an Executive Officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:
  - (i) payments arising solely from investments in the Company's securities; or
  - (ii) payments under non-discretionary charitable contribution matching programs.
- (E) a director of the Company who is, or has a Family Member who is, employed as an Executive Officer of another entity where at any time during the past three years any of the Executive Officers of the Company serve on the compensation committee of such other entity; or
- (F) a director who is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.