

## INCO LIMITED

### CHARTER OF THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

As amended as of February 3, 2004

#### **I. Committee Membership**

The members of the Corporate Governance and Nominating Committee (the "Committee") shall, subject to appointments made as a result of resignations or retirements, be appointed annually by the Board of Directors ("Board") of Inco Limited (the "Company"), taking into account the recommendations made by the Corporate Governance and Nominating Committee with respect to who should serve on the Committee. The Board shall annually designate a Chair of the Committee from among the members of the Committee, provided that, if the Board has a Lead Director, the Lead Director shall serve as the Chair. The Committee shall consist of at least three Directors, each of whom shall satisfy all applicable stock exchange and other regulatory requirements and the Guidelines on Corporate Governance of the Board with respect to (a) having no material relationships with the Company and being otherwise "independent" and (b) any other statutory or regulatory qualifications to serve on the Committee. The requirements for qualification of members of the Committee shall be determined and interpreted by the Board from time to time based upon recommendations by the Committee. The Chairman and CEO shall serve as an ex-officio, non-voting member of the Committee.

No member of the Committee may receive directly or indirectly any consulting, advisory or other compensatory fee or other payment from the Company other than (i) annual retainer and meeting fees, which may be received in cash, common shares or share units, and stock options or any other in-kind consideration ordinarily payable to non-employee Directors for serving as a Director and member of any committee of the Board and (ii) other regular benefits that other non-employee Directors receive.

#### **II. Committee Purpose and Responsibilities**

The Committee shall have the following purpose and responsibilities:

1. To make recommendations to the Board from time to time as to changes that the Committee believes to be desirable with respect to the size of the Board or any standing Committee of the Board;
2. To assess the skills and experience represented by the members of the Board and recommend additions to the Board, if applicable, to meet any skills and experience that the Committee has determined should be added to the Board;
3. To identify individuals believed to be qualified to become Board members, consistent with criteria approved by the Board, and to select, or recommend to the Board, the nominees to stand for election as directors at the Company's annual meeting of shareholders or, if applicable, at a special meeting of shareholders. In

the case of a vacancy in the office of a Director (including any vacancy created by an increase in the size of the Board), the Committee shall recommend to the Board an individual to fill each such vacancy either through appointment by the Board or through election by shareholders. In selecting or recommending candidates, the Committee shall take into consideration the criteria approved by the Board, including those which are set forth in the Board's Guidelines on Corporate Governance, and such other factors as it deems appropriate. These factors shall include judgment, skill, integrity, independence, diversity, experience with businesses and other organizations of comparable size, the interplay of a candidate's experience with the experience of other Board members, willingness to commit the necessary time and energy to serve as a Director, and a genuine interest in the Company's business, and the extent to which a candidate would be a desirable addition to the Board and any Committees of the Board. The Committee shall consider all candidates recommended by the Company's shareholders in accordance with the procedures set forth in the Company's annual proxy circular and statement. The Committee may consider candidates proposed by management but shall not be required to do so;

4. To identify Board members qualified to fill vacancies on any standing committee of the Board (including the Committee) and to recommend that the Board appoint the identified member or members to the particular committee. In nominating a candidate for committee membership, the Committee shall take into consideration the criteria approved by the Board, including those which are set forth in the Company's Guidelines on Corporate Governance, and the factors set forth in the charter of the particular committee, if any, as well as any other factors it deems appropriate, including, without limitation, those set forth in paragraph 3 above;
5. To establish procedures for the Committee to exercise oversight of the evaluation of the Board and management and assess on a regular basis the performance and effectiveness of the Board as a whole and the performance and contributions of individual Directors;
6. To develop and recommend to the Board changes in the Board's Guidelines on Corporate Governance, and review those Guidelines at least once a year;
7. To prepare and issue the evaluation required under "Performance Evaluation" below;
8. To assist management in the preparation of, and approve, the disclosure in the Company's annual proxy circular and statement regarding the operations of the Committee and the Company's approach to corporate governance practices and requirements;
9. To report to the Board on a regular basis;

10. To monitor developments and changes in corporate governance best practices and standards and requirements by all applicable regulatory agencies, self-regulatory bodies and stock exchanges;
11. To recommend that the Board establish such special committees as may be necessary or appropriate to address ethical, legal or other matters that may arise;
12. To review the independence of Directors, as may be required by regulatory agencies, self-regulatory bodies and applicable listing standards of the New York and Toronto Stock Exchanges and make recommendations to the Board;
13. To consider questions of possible conflicts of interest of Board members and of senior executives, and make recommendations to the Board;
14. To oversee Board and Board Committee tenure policies and policies covering the resignation of incumbent Directors;
15. To review and evaluate at least on an annual basis the performance of the Company's Chief Executive Officer in light of stated goals and objectives;
16. To review, and make recommendations to the Board with respect to, compensation of Non-Employees Directors and for all Board committees; and
17. To perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the nomination of Board and committee members.

### **III. Committee Operations**

The Committee shall meet at least four times a year at a time and place determined by the Committee chair, with further meetings to occur when deemed necessary or desirable by the Committee or its chair. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment hook-up by means of which all persons participating in the meeting can hear each other and be heard. Attendance by at least a majority of the members of the Committee either in person or by conference call or similar communications hook-up shall constitute a quorum for the transaction of any business that may properly come before any meeting of the Committee. In the event of a tie vote on any issue to be voted on by the Committee, the Committee chair's vote shall decide the issue.

The Committee may invite such members of management to its meetings as it deems appropriate, consistent with the maintenance of the confidentiality of compensation discussions. The CEO should not attend any meeting where the CEO's performance or compensation is discussed, unless specifically invited by the Committee.

**IV. Delegation to Subcommittee**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

**V. Performance Evaluation**

The Committee shall prepare and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this charter. The performance evaluation shall also recommend to the Board any improvements to the Committee's charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

**VI. Resources and Authority of the Committee**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. With respect to consultants or search firms used to identify Director candidates, this authority shall be vested solely in the Committee.