



MAKING *Life* BETTER.

## CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

### I. PURPOSE OF THE COMMITTEE

The Compensation Committee (the “**Committee**”) is a standing committee appointed by the Board of Directors (the “**Board**”) of the Green Organic Dutchman Holdings Ltd. (the “**Corporation**”). The Committee will assist the Board in discharging the Board’s oversight responsibilities relating to the compensation and retention of key senior management employees, and in particular the Chief Executive Officer (the “**CEO**”) and the Chief Financial Officer (the “**CFO**”).

#### General Duties

The Committee will assist the Board in fulfilling its oversight responsibilities by, among other things:

- a. developing the Corporation’s overall approach to compensation issues and, subject to approval by the Board, to implement and administer a system of compensation providing for short and longer term incentives, and which reflects superior standards of compensation practices and to continue to develop the Corporation’s approach to compensation issues;
- b. setting policies for senior officers’ remuneration;
- c. developing and implementing a process for assessing the effectiveness of the compensation policies, practices and remuneration of the Corporation and to report and make recommendations to the Board thereon;
- d. recommending to the Board, human resources and compensation policies and guidelines;
- e. ensuring that the Corporation has in place programs to attract and develop management of the highest calibre and a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of candidates for the CEO and the CFO in this regard;
- f. preparing an annual report to the Board on succession planning which should include policies and principles for CEO and CFO selection and performance review, as well as policies regarding succession in the event of an emergency relating to the CEO and/or CFO, or the retirement of the CEO and/or CFO, such that the Board can evaluate and nominate potential successors to the CEO and/or CFO position;
- g. undertaking an annual review of compensation issues and practices as they affect the Corporation and make a comprehensive set of recommendations to the Board during each calendar year;
- h. overseeing the administration of the Corporation’s compensation plans, including stock option plans, outside directors compensation plans, and such other compensation plans or structures as are adopted by the Corporation from time to time;

- i. granting equity-based compensation to eligible participants under the Corporation's equity plans;
- j. reviewing and approving executive compensation disclosure to be made in the proxy circular prepared in connection with each Annual General Meeting of the Corporation; undertaking on behalf of the Board such other compensation initiatives as may be necessary or desirable to contribute to the success of the Corporation and enhance shareholder value;
- k. developing a position description for the Chair of the Committee and to periodically review and, if necessary, update such position description; and
- l. considering any other questions or matters of compensation referred to it by the Board.

### **Director Compensation and Protection**

- a. The Committee will recommend to the Board the terms upon which directors will be compensated. The Committee will recommend terms for the compensation of directors, the Chair of the Board and those acting as committee chairs that adequately reflect the responsibilities and the risks that they are assuming.
- b. Subject to applicable law and the articles of the Corporation, the Committee is responsible for administering all policies and practices of the Corporation with respect to the indemnification of directors by the Corporation and for approving all payments made pursuant to such policies and practices.

### **Compensation of Senior Officers**

The Committee will annually:

- a. review and if required revise the position description of the CEO and recommend annual performance goals and criteria for the CEO;
- b. undertaking an annual review of the CEO goals for the coming year and reviewing progress in achieving those goals;
- c. undertaking an annual review of whether the CEO is providing the best leadership for the Corporation and evaluating whether the CEO's interests are aligned with the long-term interests of the Corporation's shareholders, based on the success of the Corporation under the CEO's leadership, the long-term strategic objectives of the Corporation, the handling of extraordinary events and the overall development of the rest of management of the Corporation;
- d. review the CEO's evaluation of the performance of the other senior officers of the Corporation appointed by the Board and such other employees of the Corporation or any subsidiary of the Corporation as may be identified to the Committee by the Board (collectively, the "**Designated Employees**") and review the CEO's recommendations with respect to the amount of compensation to be provided to the Designated Employees;
- e. review, assess the competitiveness and appropriateness of and approve the compensation package of the CEO and each of the Designated Employees. In conducting such review, the Committee will consider:

- i. the compensation packages of the CEO and the Designated Employees for the prior year;
  - ii. the Committee's evaluation of the performance of the CEO and the CEO's evaluation of the performance of the respective Designated Employees;
  - iii. the Corporation's performance and relative shareholder return;
  - iv. whether the compensation package reflects an appropriate balance between short and longer-term incentives to improve performance of the Corporation;
  - v. the competitiveness of the compensation package, including the value of similar incentive awards paid to equivalent officers and positions at comparable companies; and
  - vi. the awards given to the CEO and Designated Employees in previous years; and
- f. the Committee will review and approve any employment contracts or arrangements with the CEO and each of the Designated Employees, including any retiring allowance arrangements, severance payments or any similar arrangements to take effect in the event of a termination of employment and any change of control agreements.

#### **Loans to Directors and Senior Officers**

- a. The Committee will review Management's policies and practices respecting the Corporation's compliance with applicable legal prohibitions, disclosure requirements or other requirements on making or arranging for personal loans to directors and senior officers or amending or extending any such existing personal loans or arrangements.

#### **Insider Trading**

- a. The Committee will prepare and revise as necessary a policy on insider trading respecting the Corporation's securities. Such policy will provide for mandatory black-out periods during which directors and senior management of the Corporation are prohibited from trading in securities of the Corporation.
- b. The Committee will periodically review Management's systems and practices for ensuring that all directors and all officers of the Corporation who are required to do so file insider reports in connection with any trade of securities of the Corporation or any derivative transaction which results in the effective disposition of the individual's economic interest in a security of the Corporation within the shortest period of time in which such reports are required to be filed.

## II. COMPOSITION AND MEETINGS

The Committee will be governed by the following procedures:

- a. *Composition* – The Committee will be comprised of at least three directors, the majority of whom will be independent <sup>1</sup>. The Chair shall not have a second, or casting, vote in addition to the Chair’s initial vote.
- b. *Election* – The members of the Committee will be elected by the Board at the annual organizational meeting of the Board to hold office until the next such annual meeting or until their successors are duly elected. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full membership of the Committee.
- c. *Vacancy* – Any member of the Committee may be removed and replaced at any time by the Board and will automatically cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies in the Committee by election from among the members of the Board. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office.
- d. *Quorum* – A quorum for meetings of the Committee will be a majority of the number of members of the Committee or such greater number as the Committee may by resolution determine.
- e. *Notice of Meeting* - Meetings of the Committee will be held from time to time as any member of the Committee will determine upon a minimum of 48 hours notice to each of its members. The notice period may be waived by a quorum of the Committee. Any director of the Corporation may also request the Chair of the Committee to call a meeting of the Committee, and may attend and participate at such meeting, to the extent permitted by the Chair of the Committee, or inform the Committee of a specific matter of concern to such director.
- f. *Separate Executive Meetings* - The Committee will meet at least twice every year, and more often as warranted, with the CEO to discuss any matters that the Committee believes should be discussed privately. However, the Committee will also meet periodically without management being present.
- g. *Professional Assistance* - The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Corporation’s expense including sole authority to retain and terminate any executive compensation consulting firm and to approve any such firm’s fees and other retention terms.
- h. *Reporting to the Board* - The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
- i. *Outsiders may attend Meeting* - The Committee may ask members of Management or others to attend meetings or to provide information as necessary.

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<sup>1</sup> For the definition of “**Independent**,” please refer to National Instrument 52-110, adopted by the Canadian Securities Administrators.

### **III. ACCESS TO INFORMATION**

The Committee will be permitted access to all records and corporate information that it determines to be required in order to perform its duties. The Committee shall also have access to such officers and employees of the Corporation, and to the Corporation's independent auditors and its legal counsel, as it considers necessary or advisable in order to perform its duties and responsibilities.

### **IV. REVIEW AND DISCLOSURE**

The Committee will review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee will be evaluated with reference to this Charter annually.

The Committee will ensure that this Charter is disclosed on the Corporation's website and that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements.

*Approved by the Board of the Corporation on May 12, 2021*