



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**”).

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

- a. setting policies for senior officers’ remuneration;
- b. reviewing and approving and then recommending to the Board salary, bonus, and other benefits, direct or indirect, and any change-of-control packages of the CEO;
- c. considering the recommendations of the CEO and setting the terms and conditions of employment including, approving the salary, bonus, and other benefits, direct or indirect, and any change-of-control packages, of the key executives of the Corporation;
- d. undertaking an annual review of the CEO goals for the coming year and reviewing progress in achieving those goals;
- e. reviewing compensation of the Board on at least an annual basis;
- f. 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;
- g. reviewing and approving executive compensation disclosure to be made in the proxy circular prepared in connection with each Annual General Meeting of the Corporation; and
- h. 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.

## II. PROCEDURES, POWERS AND DUTIES

The Committee will be governed by the following procedures:

### Composition and Meetings

- a. *Composition* –The Committee will be comprised of at least three directors, each director being an “independent” director (as such term is defined from time to time under the requirements or guidelines for compensation committee service under applicable securities laws and the rules of any stock exchange on which the Corporation’s securities are listed for trading).
- 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. *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.
- d. *Notice of Meeting* - Meetings of the Committee will be held from time to time as the Committee or the Chairman 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.
- e. *Separate Executive Meetings* - The Committee will meet at least twice every year, and more often as warranted, with the Chief Executive Officer to discuss any matters that the Committee believes should be discussed privately. However, the Committee will also meet periodically without management being present.
- f. *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.
- g. *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.
- h. *Outsiders may attend Meeting* - The Committee may ask members of Management or others to attend meetings or to provide information as necessary.

### 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 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 Chief Executive Officer and recommend annual performance goals and criteria for the Chief Executive Officer;
- b. review the Chief Executive Officer'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 Chief Executive Officer's recommendations with respect to the amount of compensation to be provided to the Designated Employees;
- c. review, assess the competitiveness and appropriateness of and approve the compensation package of the Chief Executive Officer and each of the Designated Employees. In conducting such review, the Committee will consider:
  - i. the compensation packages of the Chief Executive Officer and the Designated Employees for the prior year;
  - ii. the Committee's evaluation of the performance of the Chief Executive Officer and the Chief Executive Officer'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 Chief Executive Officer and Designated Employees in previous years; and
- d. the Committee will review and approve any employment contracts or arrangements with the Chief Executive Officer 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.

### **Compensation Policies**

The Committee will:

- a. review and recommend to the Board compensation policies and processes and any new incentive compensation and equity compensation plans for the Corporation, including the

superannuation arrangements or changes to such plans and in particular, the compensation policies, processes and plans respecting the Chief Executive Officer and the Designated Employees;

- b. administer the Corporation's Share Option and Incentive Share Plan and other incentive plans.

#### **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.

#### **Reporting Requirements**

- c. The Committee will annually report on compensation in accordance with all applicable rules and regulations that will be disclosed in the proxy circular prepared in connection with each annual general meeting of the Corporation.

### **III. 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.