

## AVICANNA INC.

### COMPENSATION COMMITTEE CHARTER

#### 1. Purpose

The Compensation Committee (the “**Committee**”) of Avicanna Inc. (the “**Corporation**”) is a committee of the Board of Directors (the “**Board**”). The Committee shall oversee the Corporation’s compensation policies and practices; the Corporation’s director and executive officer compensation disclosure in accordance with National Instrument 51-102 - *Continuous Disclosure Obligations* (“**NI 51-102**”); and exercise the responsibilities and duties set out in this Charter.

#### 2. Objective

The Committee’s mandate is to assist the Board in fulfilling its responsibilities with respect to:

- (a) the integrity, preparation and disclosure of compensation information in the Management Information Circular, specifically that information required by Form 51-102F6 - *Statement of Executive Compensation* (“**51-102F6**”) and ;
- (b) the compensation to be granted to the directors of the Corporation;
- (c) the compensation to be granted to the Chief Executive Officer (“**CEO**”) and the other executive officers of the Corporation; and
- (d) the assessment of risk associated with the Corporation’s compensation policies and practices.

#### 3. Membership

##### ***Number of Members***

The Committee shall be composed of three or more independent members of the Board.

##### ***Independence of Members***

Each member of the Committee must be independent, within the meaning of the provisions of National Policy 58-201 - *Corporate Governance Guidelines*.

##### ***Qualification and Composition***

At least one member of the Committee shall have relevant prior experience in executive compensation and related matters.

The CEO shall be excluded from the Committee member selection process, and no more than one-third of the members of the Committee shall be comprised of individuals currently serving as chief executive officers of publicly traded corporations.

A director shall be excluded from the Committee member selection process if such director has served as the CEO of the Corporation within the immediately preceding five years or has served as the chief financial officer of the Corporation within the immediately preceding three years.

### **Chair**

The Board shall designate one member of the Committee as the Chair of the Committee (the “**Chair**”).

The Chair shall preside over all meetings of the Committee, and in the Chair’s absence, the members of the Committee may designate from among such members the Chair for the purposes of such meeting.

### **Term of Members**

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

## **4. Meetings**

### **Number of Meetings**

The Committee may meet as many times per year as the Chair may determine, and as necessary to carry out its duties and responsibilities, but shall not meet less than once per year. The Committee shall hold *in camera* meetings at each Committee meeting.

### **Quorum**

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee, present in person or by telephonic, electronic or other communication facilities that permit all persons participating in the meeting to communicate adequately with each other, shall constitute a quorum.

### **Business at Meetings**

The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution of the Committee. In case of an equality of votes the Chair shall not be entitled to a second or casting vote.

### **Minutes; Reporting to the Board**

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

### **Attendance of Non-Members**

The Committee may invite to a meeting any officers, directors or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

### **Procedure**

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board, unless otherwise determined by the Committee or the Board.

## ***Access to Information***

In discharging its role, the Committee shall have full access to all books, records, facilities and personnel of the Corporation.

## **5. Duties and Responsibilities**

To fulfil its responsibilities and duties, the Committee shall:

- (a) act in an advisory capacity to the Board;
- (b) review the Corporation's procedures relating to the gathering and disclosure of information with respect to director and executive officer compensation in compliance with the disclosure obligations contained in NI 51-102 and 51-102F6, and in connection therewith:
  - (i) consider the adequacy of such procedures,
  - (ii) review compliance with applicable regulations and policies, and
  - (iii) make a recommendation to the Board as to whether to approve the disclosure and filing of the director and executive officer compensation information.
- (c) review the risks associated with the Corporation's compensation policies and practices, specifically executive talent retention and succession planning.
- (d) annually review and approve the engagement of the independent compensation advisor to the Board, and in connection therewith:
  - (i) consider the expertise and qualification of the proposed advisor, and in particular, the responsible individuals;
  - (ii) consider the independence of the proposed advisor; and
  - (iii) approve in advance any work the compensation advisor performs at the request of management;
- (e) oversee the Corporation's compensation policies and practices, including short and long term incentives such as base salaries, the annual bonus program, the stock option plan, the employee share purchase plan, the deferred share unit plan, the short and long term disability plans and the extended health and wellness plans;
- (f) review compliance of the Corporation's compensation policies and practices in accordance with applicable law and regulatory requirements, as well as in accordance with the Corporation's compensation objectives;
- (g) make recommendations to management regarding the compensation policies and practices of the Corporation;
- (h) review and make recommendations to the Board with respect to director compensation;
- (i) review the Corporation's succession and leadership plans with respect to the executive officers;

- (j) review internal controls in the executive compensation process, including information used to determine executive officer compensation;
- (k) review and approve corporate goals and objectives relevant to the compensation of the executive officers;
- (l) evaluate the CEO's performance in light of established corporate goals and objectives, and make recommendations to the Board with respect to the CEO's remuneration;
- (m) review the CEO's recommendations to the Committee respecting the appointment, compensation and other terms of employment of any new executive officers of the Corporation, if advisable, recommend for Board approval, with or without modifications, any such appointment, compensation and other terms of employment;
- (n) review the assessment of the performance of executive officers as provided to the Committee by the CEO and make recommendations to the Board regarding the remuneration of the Corporation's executive officers;
- (o) review and make recommendations to the Board with respect to the payment of bonuses to the executive officers of the Corporation;
- (p) review and approve grants of stock options in accordance with the Corporation's stock option plan, and where such stock options are approved by the Committee, communicate such approval to the Board and the Corporation's legal counsel;
- (q) submit a report to the Board on compensation matters at least annually;
- (r) establish a work plan for the Committee; and
- (s) 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 Committee by the Board.

## **6. Independent Advisors**

The Committee shall have the authority to retain such independent advisors as it may deem necessary or advisable for its purposes, and to set and pay the respective compensation thereof without consulting or obtaining approval of the Board. The expenses related to such engagement shall be funded by the Corporation.

## **7. No Rights Created**

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the committees of the Board assist the Board in directing the affairs of the Corporation. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's Articles and By-laws, it is not intended to establish any legally binding obligations.

**6. Charter Review**

The Committee shall review this Charter annually and present any recommended amendments to this Charter to the Governance Committee, which shall consider any such recommendations as part of its annual review of this Charter and shall present any recommended amendments to this Charter to the Board for approval.

Approval Date: July 8, 2019