



## **COMPENSATION COMMITTEE CHARTER**

## CANNARA BIOTECH INC.

### COMPENSATION COMMITTEE CHARTER

#### I PURPOSE AND AUTHORITY

Appointed by and reporting to the Board of Directors (the “**Board**”) of Cannara Biotech Inc. (the “**Company**”), the Compensation Committee (the “**Committee**”) shall assist the Board in discharging its oversight responsibilities for the executive compensation programs of the Company and determining compensation for the Company’s directors and elected officers.

The Committee shall be responsible for:

- Evaluating and providing recommendations to the Board regarding the equity-based and incentive compensation plans and programs of the Company;
- Evaluating and providing recommendations to the Board regarding compensation, incentive compensation and equity-based plans and programs for the executive officers and directors of the Company;
- Evaluating and providing recommendations to the Board regarding executive development and succession planning for senior executives of the Company; and
- Evaluating and providing recommendations to the Board concerning employment contracts and/or separation agreements involving the executives of the company.

The Committee shall have the authority to engage, compensate and oversee the work of any compensation consultant, independent legal counsel or other outside adviser (a “**compensation adviser**”) that it determines to be necessary to permit it to carry out its duties within a budget approved by the board. In selecting such a compensation adviser, the Committee shall consider the independence factors set forth under applicable law, including, without limitation: (a) the provision of other services to the Company by the

compensation adviser; (b) the amount of fees received from the Company by the compensation adviser, as a percentage of the compensation adviser's total revenue; (c) the policies and procedures of the compensation adviser that are designed to prevent conflicts of interest; (d) any business or personal relationship of the compensation adviser with a member of the Committee; and (e) any stock of the Company owned by the compensation adviser. The Company must provide appropriate funding for the payment of reasonable compensation, as determined by the Committee, to any such compensation advisers.

## **II COMPOSITION**

The Committee shall consist of two or more directors, each of whom shall qualify under the applicable independence requirements of the relevant Securities Commission, and any other regulatory requirements.

Committee members shall be selected by the Board annually at the meeting of the Board immediately following the annual general shareholders meeting. Members shall serve until their qualified successors are appointed. The Chairman of the Compensation Committee shall be designated by the full Board, or if the Board does not do so, the members of the Compensation Committee, by majority vote, may designate a Chairman. The Board may at any time change the membership of the Committee and fill vacancies in it, subject to satisfying all applicable independence requirements.

## **III OPERATIONS**

The Chair of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings.

The Chair of the Committee shall develop and set the agenda for each meeting, in consultation with the other members of the Committee, and shall cause that agenda and related materials to be distributed to members in advance of said meeting. Each member of the Board is free to suggest the inclusion of items on the agenda.

The Committee shall report periodically to the Board and shall submit to the Board minutes of its meetings.

The President and Chief Executive Officer (the "CEO") may not be present at any meeting in which there is a vote or deliberations with respect to the compensation of the President and CEO.

Annually, the Committee shall review and assess the adequacy of this Charter and recommend any changes to the Board for approval.

The Committee shall also conduct an annual self-evaluation of the effectiveness of the Committee against its mandate and report to the Board the results of the evaluation.

The Committee shall be governed by the rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with: (a) any provision of this Charter; (b) any provision of the Articles and By-laws of the Corporation; (c) the *Canada Business Corporations Act*; or (d) other applicable laws.

#### **IV DUTIES AND RESPONSIBILITIES**

The Committee shall have the authority of the Board to perform the following duties and fulfill the following responsibilities:

- Review and oversee the total compensation package for the Company's executive officers including base salaries, annual incentives, special benefits, prerequisites and incidental benefits;
- Review and oversee the total compensation package for the Company's directors;
- Review and approve the annual base salaries of the executive officers of the Company;
- Review and approve the structure and operation of the Company's annual incentive compensation plan;
- Review and recommend to the Board for approval the annual Corporate performance target(s) relevant to the Company's annual incentive compensation plan;
- Review and recommend to the Board for approval the annual Corporate and personal performance objectives of the President and CEO, evaluate the performance of the President and CEO in light of those goals and objectives and recommend to the Board any incentive compensation payment based on this evaluation;
- Following review with the President and CEO, approve the annual personal goals and objectives of the other executive officers, evaluate their performance in light of those goals and objectives and determine any incentive compensation payment based on this evaluation.
- Review and provide recommendations to the Board regarding all new employment, consulting, retirement and severance agreements and arrangements proposed for the Company's executives. Periodically evaluate existing agreements with the Company's executives for continuing appropriateness.

- Review at least annually senior management succession planning.
- Perform such other duties and responsibilities as may be assigned by the Board from time to time.