

Human Resources & Compensation Committee Charter

DIRTT Environmental Solutions



HUMAN RESOURCES & COMPENSATION COMMITTEE CHARTER

DIRTT Environmental Solutions

A. RESPONSIBILITY

The Human Resources & Compensation Committee (the “HRCC”) is responsible for assisting the Board of Directors of the Corporation (the “Board”) in fulfilling its oversight responsibilities in relation to:

- a) the selection and retention of members of senior management, as identified by the HRCC (“senior management”);
- b) the compensation of senior management;
- c) professional development for senior management;
- d) the management of benefit plans for employees; and
- e) any additional matters delegated to the HRCC by the Board.

B. MEMBERS

The Board must appoint a minimum of three directors to be members of the HRCC. The members of the HRCC will be selected by the Board on the recommendation of the Corporate Governance Committee.

All of the members of the HRCC will be “independent directors” (“Independent Directors”) as defined in National Instrument 52-110 – Audit Committees, as amended from time to time.

C. DUTIES

The HRCC is responsible for performing the duties set out below as well as any other duties that are otherwise required by law or delegated to the HRCC by the Board.

1. Senior Management Selection, Retention and Succession Planning

The HRCC will:

- a) review the Corporation’s organizational structure to ensure it is well positioned to accomplish the Corporation’s short and long term objectives;
- b) consider policies and principles for the selection and retention of senior management;
- c) review and monitor the Corporation’s human resources strategies for consistency with the Corporation’s vision, mission and core values;
- d) in consultation with the Chief Executive Officer and President, develop and annually review emergency and long term succession plans for the President and CEO for Board approval; and
- e) review the succession plans for the senior management team.

2. Senior Management Development

The HRCC will:

- a) review and monitor executive development programs, including training and retention programs for members of senior management;
- b) recommend policies and principles for performance reviews of members of senior management, and review and monitor the practices used to evaluate members of senior management; and
- c) review the Chief Executive Officer's and the President's recommendations with respect to the recruitment, promotion, transfer and termination of other members of senior management.

3. Incentive Compensation Plans and Equity-Based Compensation Plans

Subject to shareholder approval as required the HRCC will:

- a) a) make recommendations to the Board with respect to senior management compensation and the adoption and/or amendment of incentive- and equity- based compensation plans, ensuring that a satisfactory portion of executive compensation is linked to the Corporation's performance;
- b) make recommendations to the Board with respect to the adoption and/or amendment of incentive- and equity-based compensation plans, if any, for employees other than senior management;
- c) make recommendations to the Board regarding targets by which to measure the performance of senior management as it relates to all performance-based compensation plans;
- d) make recommendations to the Board with respect to the granting of stock options under the Corporation's Incentive Stock Option Plan including the entitlement, vesting, exercise price and all other matters relating to the Incentive Stock Option Plan; and
- e) make recommendations to the Board with respect to the approval of all annual incentive pay plans and long-term incentive pay plans.

4. Benefit Plans and Perquisites

The HRCC will review and recommend to the Board for approval all benefit plans designed primarily for members of senior management and any other perquisites granted to members of senior management.

5. Employment Agreements and Severance Arrangements

The HRCC will review employment agreements, severance arrangements and any changes to contractual agreements and provisions, including pension arrangements, for all members of senior management and make recommendations to the Independent Directors of the Board, for approval.

6. Evaluation and Compensation of the Chief Executive Officer and the President

The HRCC will make recommendations to the Independent Directors of the Board for approval, the following:

- a) a position description for the Chief Executive Officer and the President, setting out the Chief Executive Officer's and the President's authority and responsibilities;
- b) the corporate goals and objectives that are relevant to the Chief Executive Officer's and the President's compensation;

- c) an evaluation of the Chief Executive Officer's and the President's performance in meeting his or her goals and objectives;
- d) the Chief Executive Officer's and the President's compensation based on the evaluation referred to above, compensation paid to senior management in comparable organizations and the Corporation's performance and relative shareholder return; and
- e) remedial action where necessary.

7. Compensation of Senior Management

The HRCC will, after obtaining the recommendation of the Chief Executive Officer and the President, recommend to the Board the compensation of members of senior management. The HRCC will assess the compensation of members of senior management in light of the Corporation's performance and relative shareholder return and the compensation paid to senior management in comparable organizations. In addition, in assessing the compensation of the Chief Financial Officer and other key financial personnel, the HRCC will consider input from the Audit Committee regarding their competence and performance.

D. REPORTING

The HRCC will regularly report to the Board on all significant matters it has addressed and with respect to such other matters that are within its responsibilities.

The HRCC will review the report on executive compensation required to be disclosed in the Corporation's information circular or any other human resource or compensation matter required to be publicly disclosed by the Corporation.

E. MEETINGS

1. Scheduling

The HRCC will meet at least twice (2) times annually, or more frequently as it determines is necessary to fulfill its responsibilities. A meeting of the HRCC may be called by the Chair of the HRCC, the Chair of the Board, the Chief Executive Officer, the President or any HRCC member.

Meetings will be held at a location determined by the Chair of the HRCC.

2. Notice

Notice of the time and place of each meeting will be given to each member either by telephone or other electronic means not less than 48 hours before the time of the meeting. Meetings may be held at any time without notice if all of the members have waived or are deemed to have waived notice of the meeting. A member participating in a meeting will be deemed to have waived notice of the meeting.

3. Agenda

The Chair of the HRCC will preside as Chair of each meeting and will establish the agenda for each meeting and lead discussion on meeting agenda items. The Chair shall instruct management to circulate properly prepared agenda materials to Committee members with sufficient time to review prior to scheduled meetings. Any member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any meeting raise subjects that are not on the agenda for the meeting.

4. Distribution of Information

The Chair of the HRCC will distribute, or cause the Secretary to distribute, an agenda and meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

5. Attendance and Participation

Each member is expected to attend all meetings. A member who is unable to attend a meeting in person may participate by telephone or teleconference.

6. Quorum

A majority of members will constitute a quorum for any meeting of the HRCC.

7. Voting and Approval

At meetings of the HRCC, each member will be entitled to one vote and questions will be decided by a majority of votes. In case of an equality of votes, the Chair of the HRCC will not have a second or casting vote in addition to his or her original vote.

8. Procedures

Procedures for HRCC meetings will be determined by the Chair of the HRCC unless otherwise determined by the by-laws of the Corporation or a resolution of the HRCC or the Board.

9. Transaction of Business

The powers of the HRCC may be exercised at a meeting where a quorum is present in person or by telephone or other electronic means, or by resolution in writing signed by all members entitled to vote on that resolution at a meeting of the HRCC.

10. Absence of Chair

In the absence of the Chair of the HRCC at a meeting of the HRCC, the members in attendance must select one of them to act as chair of that meeting.

11. Secretary

The HRCC may appoint one of its members or any other person to act as secretary.

12. Minutes of Meetings

A person designated by the Chair of the HRCC at each meeting will keep minutes of the proceedings of the HRCC and the Chair will cause the Secretary to circulate copies of the minutes to each member on a timely basis.

F. CHAIR

Each year, the Board will appoint one member to be Chair of the HRCC. If, in any year, the Board does not appoint a Chair of the HRCC, the incumbent Chair of the HRCC will continue in office until a successor is appointed.

G. REMOVAL AND VACANCIES

Any member of the HRCC may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as he or she ceases to meet the qualifications set out above. The Board will fill vacancies on the HRCC by appointment from among qualified members of the Board on the recommendation of the Corporate Governance Committee. If a vacancy exists on the HRCC, the remaining members will exercise all of its powers so long as a quorum remains in office.

H. ASSESSMENT

At least annually, the HRCC will assess its effectiveness in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the Board Mandate adopted by the Board.

I. REVIEW AND DISCLOSURE

The HRCC will review this Charter at least annually and submit it to the Corporate Governance Committee together with any proposed amendments. The Corporate Governance Committee will review the Charter and submit it to the Board for approval together with such further amendments as it deems necessary and appropriate.

This Charter will also be posted on the Corporation's website and the annual report of the Corporation will state that this Charter is available on the website or is available in print to any shareholder who requests a copy.

J. ACCESS TO OUTSIDE ADVISORS

The HRCC may retain any outside advisor, including an executive search firm, at the expense of the Corporation at any time and has the authority to determine any such advisor's fees and other retention terms.

The HRCC, and any outside advisors retained by it, will have access to all records and information relating to the Corporation which it deems relevant to the performance of its duties.

If management of the Corporation proposes to retain an outside advisor with respect to compensation matters that fall within the oversight responsibility of the HRCC, the HRCC will be required to approve such engagement and monitor the independence of such outside advisor.