



**CHARLOTTE'S WEB**  
STANLEY BROTHERS

# COMPENSATION COMMITTEE TERMS OF REFERENCE

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Amended and Restated Effective March 3, 2021

**CHARLOTTE'S WEB HOLDINGS, INC.**  
**(the "Company")****1. Composition and Process**

- (a) The Compensation Committee (the "**Committee**") shall be composed of at least two individuals appointed by the Board of Directors of the Company (the "**Board**") from amongst its members, all of which members will be independent within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 Audit Committees. "Independent" generally means free from any business or other direct or indirect material relationship with the Company that could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.
- (b) Members shall serve one year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
- (c) The Chairperson shall be a director appointed by the Board for a one year term and may serve any number of consecutive terms.
- (d) The Chairperson shall, in consultation with management and the members of the Committee, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting.
- (e) The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to Committee members with copies to the Board and the Chief Executive Officer, or such other officer acting in that capacity ("**CEO**").

**2. Authority**

- (a) Appointed by and reporting to the Board.
- (b) Authority to make final determinations with respect to cash-based incentive awards, related policies, programs and guidelines, and other cash-based compensation determinations deriving from the Committee's "Responsibilities" as outlined below. Stock-based compensation to be determined by the Board on Committee recommendation.
- (c) The Committee shall have unrestricted access to the Company's personnel and documents and will be provided with the resources necessary, including the engagement and compensation of outside advisors, to carry out its responsibilities.

**3. Responsibilities**

In respect of compensation matters, to review and provide recommendations to the Board on the following matters:

- (a) Compensation policies and guidelines for supervisory and management personnel of the Company and its related entities;
- (b) Corporate benefits, bonuses and other incentives, including stock options and restricted stock awards;
- (c) Corporate goals and objectives relevant to CEO compensation, evaluation of the CEO's performance in light of those corporate goals and objectives and determination of the CEO's compensation level based on this evaluation;

- (d) Non-CEO officer and director compensation, incentive compensation plans and equity-based plans;
- (e) The competitiveness and appropriateness of the Company's policies relating to the compensation of executive officers;
- (f) The review of executive compensation disclosure before the Company publicly discloses such information;
- (g) Succession plans for the officers and for key employees of the Company; and
- (h) Any material changes or trends in human resources policy, procedure, compensation and benefits.

#### **4. Meetings**

- (a) The Committee will meet at least twice per year. In addition, the independent directors of the Committee will consider holding regularly scheduled meetings (or holding *in camera* sessions at regular Board meetings) at which members of management are not in attendance. All meetings will be scheduled to permit timely consideration of topics or responsibilities. Additional meetings may be held as deemed necessary by the Chairperson of the Committee or as requested by any member of the Committee.
- (b) A quorum at meetings of the Committee shall be its Chairperson and one of its other members or the Chairman of the Board. The Committee may hold its meetings, and members of the Committee may attend meetings by means of teleconference.

#### **5. Reporting**

- (a) Report, through the Chairperson of the Committee, to the Board following each meeting on the major discussions and decisions made by the Committee.
- (b) Report annually to the Board on the Committee's responsibilities and how it has discharged them.
- (c) Review the Committee's Terms of Reference annually and propose recommended changes to the Board.