



**SWISS WATER DECAFFEINATED COFFEE INC.**  
**COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE**  
**TERMS OF REFERENCE**

**(Revised and Approved by the Board: March 29, 2023)**

**Establishment of the Committee**

There shall be a Committee of the Board of Directors (the “Board”) of Swiss Water Decaffeinated Coffee Inc. (the “Company”) to be known as the Compensation and Corporate Governance Committee (“Committee”) whose membership, authority and responsibilities shall be as set out in this charter.

**Mandate of Committee – Corporate Governance and Nomination**

1. **Identification and Long-Term Planning of Board Member Characteristics**

The Committee shall:

- (a) identify and review with the Board the appropriate skills and characteristics required of Board members, taking into consideration the Board's short-term needs and long-term succession plans; and
- (b) develop a long-term plan for the Board's composition that takes into consideration the characteristics of independence, skills, experience and availability of service of its members, as well as the opportunities, risks, and strategic direction of the Company.

2. **Evaluation, Identification and Recommendation of Nominees to the Board**

In consultation with the Board Chair, the Committee shall identify and recommend to the Board nominees for election or re-election to the Board or for appointment to fill any vacancy that is anticipated or has arisen on the Board.

3. **Monitoring and Review of Board Member Education and Commitments**

The Committee shall:

- (a) review, monitor and make recommendations regarding the initial orientation and education of new Board members and the ongoing education of Directors; and
- (b) upon a significant change in a Board member’s principal occupation or upon a member assuming any significant outside commitments, review the continued Board membership of such individual.

4. **Recommendation of Directors to Serve as Committee Members and Chairs**

The Committee shall identify and recommend to the Board individual Directors to serve as members and Chairs of Board Committees.

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### 5. Disclosure of Corporate Governance Practices

The Committee shall be responsible for the Company's disclosure obligations regarding compliance with governance guidelines, recommendations or requirements under applicable securities laws, rules and regulations and the requirements of any applicable stock exchange.

### 6. Board Guidelines, Policies, Procedures and Terms of Reference

The Committee shall:

- (a) review periodically the Board's policies and procedures by which the Board will operate and the Terms of Reference for the Board, committees of the Board, the Board Chair, Committee Chairs, individual Directors and the Chief Executive Officer of the Company;
- (b) advise the Board regularly with respect to significant developments in the law and practice of corporate governance as well as the compliance with applicable laws and regulations;
- (d) make recommendations to the Board on all matters of corporate governance, including any reports that may be required or considered advisable, and on any corrective action to be taken, as the Committee may deem appropriate; and
- (e) at the request of the Board Chair or the Board, undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the Company.

### 7. Establishment and Implementation of Evaluation Processes

The Committee shall establish criteria for, and periodically undertake, an evaluation process for the Board, the Board Chair and each committee of the Board in order to assess the effectiveness of the Board as a whole, the Board Chair and each committee of the Board.

## **Mandate of the Committee – Compensation**

### 1. Director Compensation

The Committee shall review and make recommendations to the Board with respect to the compensation of the Directors of the Company to ensure that the compensation is appropriate and adequately reflects their responsibilities.

### 2. Compensation Guidelines and Agreements

The Committee shall review and recommend to the Board a compensation strategy and incentive policies and programs for the Company's senior management, and any material changes to such strategy, policies or programs, and administer the executive compensation and benefits program in accordance with such strategy, policies and programs.

The Committee shall also be responsible for reviewing and recommending to the Board certain matters relating to all employees, including material changes to annual salary and incentive policies and programs, material new benefit programs, or material changes to existing benefit programs.

### 3. Chief Executive Officer Evaluation and Compensation

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The Committee shall review and recommend to the Board the individual goals and objectives relevant to the total compensation package of Chief Executive Officer for the current year, recommend to the Board a performance evaluation process for the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of these goals and objectives and determine and recommend to the Board the Chief Executive Officer's compensation level, bonus payout and LTIP awards, if any, based on this evaluation.

In reviewing the long-term incentive component of the compensation of the Chief Executive Officer, the Committee shall consider the performance and relative shareholder return and performance of the Company, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to the Chief Executive Officer in past years.

#### 4. Other Executive Compensation and Oversight

The Committee shall review and recommend to the Board the individual goals and objectives relevant to the total compensation package of Chief Financial Officer for the current year. The Committee shall review and recommend to the Board the bonus payout and LTIP awards, if any, for the Chief Financial Officer for the most recently completed financial year.

The Committee shall oversee the Chief Executive Officer in the establishment of goals and objectives of the Company's senior management (including executive officers) other than the Chief Executive Officer and the Chief Financial Officer, the evaluation of the Company's senior management (including executive officers) and shall approve the total compensation package for the senior management (including executive officers) other than the Chief Executive Officer and Chief Financial Officer.

#### 5. Equity Compensation Review

The Committee shall review periodically, and make recommendations to the Board regarding incentive compensation or equity plans, programs or similar arrangements that the Company establishes for, or makes available to, its employees and consultants.

In addition, the Committee shall review periodically the extent to which these forms of compensation are meeting their intended objectives and shall make recommendations to the Board regarding modifications that will more accurately relate such compensation to employee performance.

#### 6. Management Resources and Plans for Executive Development

The Committee shall review existing management resources and plans, including recruitment, training and evaluations, to ensure that qualified personnel will be available for succession to senior management positions. On an annual basis, the Committee will receive a report from the Chief Executive Officer containing his or her views as to a successor for the position of Chief Executive Officer and all other senior management positions.

### 7. Retirement Matters

The Committee shall:

- (a) review and recommend for approval by the Board any material changes in the Company's retirement plans;
- (b) where appropriate, give direction concerning retirement program matters to the management committee that supervises the Company's retirement programs; and
- (c) where appropriate, receive reports from management on any retirement program matters that may be of concern to the Board and report to the Board on such matters.

### 8. Compensation Committee Report

The Committee shall review the disclosure on executive officer compensation required to be published by applicable securities laws, rules and regulations, including the Compensation Discussion and Analysis, and recommend such disclosure for approval by the Board.

## **Procedural Matters**

### 1. Membership

- (a) The Committee will be comprised of at least three (3) members, the majority of whom will be non-executive, independent Directors as defined in applicable securities laws, rules and regulations.
- (b) Members will be appointed by the Board and shall serve until the earlier to occur of the date on which he or she shall be replaced by the Board, resigns from the Committee, or ceases to be a Director.
- (c) The Board shall appoint one of the Directors elected to the Committee as the Chair of the Committee. In the absence of the Chair of the Committee at any meeting, the members shall elect a Chair from those in attendance to act as Chair of the meeting. The fundamental responsibility of the Chair is to be responsible for the management and effective performance of the Committee and provide leadership to the Committee in fulfilling its mandate and any other matters delegated to it by the trustees and directors. The Chair's responsibilities shall include:
  - a. working with the Committee members and the Chief Executive Officer to establish the frequency of Committee meetings and the agendas for meetings;
  - b. providing leadership to the Committee and presiding over Committee meetings;
  - c. ensuring that the Committee is properly organized and effectively discharges its duties;
  - d. facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;

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- e. reporting to the Board with respect to the significant activities of the Committee and any recommendations of the Committee;
  - f. leading the Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate; and
  - g. taking such other steps as are reasonably required to ensure that the Committee carries out its mandate.
- (d) The secretary of the Committee will be the Company's Secretary, or such other person as determined by the Committee.

### 2. Meetings

- (a) The Committee shall meet as frequently as required, but no fewer than two times annually. Together, the President and Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary, and the Chair shall prepare an agenda in advance of each meeting. A majority of the members of the Committee shall constitute a quorum and the act of a majority of the members present at a meeting where a quorum is present shall be the act of the Committee. The Committee may also act by unanimous written consent of its members. The Committee shall maintain minutes or other records of meetings and activities of the Committee.
- (b) Notice of a meeting of the Committee may be given orally or by letter, electronic mail, facsimile transmission or telephone not less than 24 hours before the time fixed for the meeting, unless such notice is otherwise waived in writing by all of the members of the Committee.
- (c) The Committee may invite such other persons (e.g. the CEO, CFO) to its meetings, as it deems necessary.

### 3. Authority

The Board grants authority to the Committee, within the scope of its responsibilities, to:

- (a) Seek any information it requires from any employee (and all employees are directed to cooperate with any request made by the Committee) or external parties.
- (b) Obtain outside legal or other professional advice as deemed necessary and to set and authorize the compensation to be paid to such advisors.
- (c) Ensure the attendance of officers of the Company at meetings as appropriate.

### 4. Terms of Reference and Calendar

The Committee reviews these terms of reference and the calendar of activities on an annual basis and submits any recommended changes to the Board for approval.