



**PYROGENESIS CANADA INC.**

**COMPENSATION COMMITTEE CHARTER**

**ADOPTED BY THE BOARD OF DIRECTORS AND EFFECTIVE AS OF:**

**March 30, 2021**

**PURPOSE**

The Compensation Committee (the “**Committee**”) is a standing committee appointed by the board of directors (“**Board**”) of PyroGenesis Canada Inc. (the “**Company**”). The Committee shall assist the Board in discharging the Board’s oversight responsibilities relating to the compensation and retention of key senior management employees, and in particular the Chief Executive Officer of the Company, with the skills and expertise needed to enable the Company to achieve its goals and strategies at a fair and competitive compensation, including appropriate performance incentives. The Committee shall also assist the Board in determining the adequate compensation for the Directors of the Company.

**PROCEDURES**

1. *Number of Members* – The members of the Committee shall be appointed by the Board. The Committee will be composed of not less than three (3) Board members.
2. *Quorum* – The quorum of the Committee shall be at least two (2) members.
3. *Independence* – The Committee shall be constituted at all times of “**independent directors**” who either meet or exceed the independence requirements of the NASDAQ Stock Market LLC (“**NASDAQ**”) and who are “independent” within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”). The Board will consider all relevant facts and circumstances in making a determination of independence for each director and, as appropriate, impose independence requirements more stringent than those provided for by NASDAQ and/or NI 58-101 to the extent required by Canadian or U.S. securities laws, including rules and policies promulgated by the Securities and Exchange Commission (“**SEC**”) and the Toronto Stock Exchange (“**TSX**”). In particular, each member shall be “independent” in accordance with NI 58-101 and Rule 10C-1 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).
4. *Appointment and Replacement of Committee Members* – Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies

on the Committee by appointing another qualified director to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three (3) directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all of the Committee's powers as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders and will appoint a Chair and the other members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee and each member of the Committee shall remain on the Committee until his or her successor shall be duly appointed and qualified or his or her earlier resignation or removal.

5. *Committee Chair* – Unless a Chair of the Committee is designated by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee. The Committee Chair shall be responsible for leadership of the Committee, including preparing the agenda in consultation with other Committee members and members of management, presiding over the meetings, making Committee assignments and reporting to the Board following each meeting and as otherwise necessary or appropriate. If the Committee Chair is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting. The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
6. *Conflicts of Interest* – If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the Chair of the Board. If the Committee Chair, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member's interest and shall not participate in consideration of the matter and shall not vote on the matter.
7. *Meetings* – The Committee shall meet regularly and as often as it deems necessary to perform the duties described herein in a timely manner, but not less than four (4) times a year and, preferably at least once per quarter. Meetings may be held at any time deemed appropriate by the Committee. The Committee shall maintain written minutes of its meetings, which will be filed with the meeting minutes of the Board.
8. *Time and Place of Meetings* – The times and places where meetings of the Committee shall be held and the procedures at such meetings shall be as determined, from time to time, by the Committee.
9. *Notice* – Notice of each meeting of the Committee shall be given to each member of the Committee. Subject to the following, notice of a meeting shall be given orally or by letter, telex, telegram, electronic mail, telephone facsimile transmission or telephone not less than 48 hours before the time fixed for the meeting. Notice of regular meetings need state only the day of the week or month, the place and the hour at which such meetings

will be held and need not be given for each meeting. Members may waive notice of any meeting.

10. *Secretary* – The Secretary shall be elected by its members, or shall be the Secretary, or the Assistant or Associate Secretary or any other individual appointed by the Committee.

## **RESPONSIBILITIES**

### **Director Compensation**

11. The Committee shall recommend to the Board the terms upon which directors shall be compensated. The Committee shall recommend terms for the compensation of directors, the Chair of the Board and those acting as committee chairs that adequately reflect the responsibilities they are assuming.

### **Compensation of Chief Executive Officer and Designated Employees**

12. The Committee shall annually:
  - (a) review and revise the position description of the Chief Executive Officer and recommend annual performance goals and criteria for the Chief Executive Officer, evaluate the performance of the Chief Executive Officer against such position description and applicable performance goals and criteria and set the Chief Executive Officer's level of compensation based on this evaluation and any other relevant assessment, information or metrics;
  - (b) review the Chief Executive Officer's and Board's evaluation (which may be on an individual, aggregate or other reasonable basis, such as departmental, unit, division or group), as applicable, of the performance of "reporting insiders" (as defined by National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*) who are employees of the Company, any other "Officers" (as defined by Rule 16a-1(f) of the U.S. Exchange Act) of the Company and any other employees of the Company or any subsidiary of the Company as may be identified to the Committee by the Chief Executive Officer or Board (collectively, the "**Designated Employees**"), and review the Chief Executive Officer's recommendations, as applicable, with respect to the amount of compensation to be provided to the Designated Employees (which may be on an individual, aggregate or other reasonable basis, such as department, unit, division or group). For the avoidance of doubt, the foregoing is in addition to and does not limit the Committee's review and oversight role and responsibilities as it relates to reviewing and overseeing the adoption and administration of compensation and incentive plans and programs for all employees of the Company and its subsidiaries; and
  - (c) review, assess the competitiveness and appropriateness of and approve the compensation package of the Chief Executive Officer and each of the Designated Employees. In conducting such review, the Committee shall consider:

- (i) compensation packages of the Chief Executive Officer and the Designated Employees for the prior year;
  - (ii) the Committee's evaluation of the performance of the Chief Executive Officer and the Chief Executive Officer's evaluation of the performance of the respective Designated Employees;
  - (iii) the Company's financial and operating performance, including the absolute and relative shareholder return;
  - (iv) whether the compensation package reflects an appropriate balance between short and longer-term incentives and alignment with the interests of shareholders;
  - (v) the competitiveness of the compensation package, including the value of similar incentive awards paid to equivalent officers and positions at comparable companies; and
  - (vi) the awards given to the Chief Executive Officer and Designated Employees in previous years.
13. The Committee shall review and approve any employment contracts or other hiring or termination packages to be entered into with the Chief Executive Officer and the Designated Employees and any material change to the terms of such contracts and shall review all arrangements with the Chief Executive Officer and the Designated Employees that take effect upon the termination of employment of the Chief Executive Officer and the Designated Employees or upon a change of control of the Company, in each case, if it is determined that approval by the full Board is not necessary. The Chief Executive Officer may not be present during voting or deliberations on his or her compensation arrangements.
14. The Committee shall review the composition and use of comparator groups used in assessing compensation payable to the Chief Executive Officer and Designated Employees.

### **Performance Objectives and Bonuses**

15. The Committee shall determine in writing, within the first quarter of the Company's fiscal year, the annual performance goals and related bonuses that may be awarded to the Chief Executive Officer and each of the Designated Employees. The annual performance goals and related bonuses determined by the Committee for a specific year shall be communicated to the Chief Executive Officer and each of the Designated Employees within one month of being determined.

### **Compensation Policies**

16. The Committee shall review and recommend to the Board compensation policies and processes and any new incentive compensation and equity compensation plans of the Company or changes to any such plans now or hereafter existing and effective.

17. The Committee shall administer all incentive and equity compensation plans of the Company, including any bonus plans, stock plans and equity arrangements, that may be adopted from time to time, with such authority and power as set forth in such plans, subject to all applicable Company policies adopted by the Board or a Board committee.
18. The Committee shall review and approve any performance measures respecting incentive compensation payable to the Designated Employees and make recommendations to the Board on any performance measures regarding incentive compensation payable to the Chief Executive Officer.
19. The Committee shall review pension plan design changes and associated cost estimates.

#### **Compensation Consultants and Advisors – Access and Funding**

20. The Committee shall have the sole authority to retain, oversee, compensate and terminate compensation consultants, outside legal counsel or other advisors to assist the Committee in its activities without consulting with or obtaining the approval of the Board or any officer of the Company. The Committee shall meet in camera, without management being present, with such advisors as necessary or appropriate. The Company shall provide for appropriate funding, as determined by the Committee, for payment of any compensation to any outside advisors retained by the Committee. The Committee shall review and assess the performance of its outside advisors at least on an annual basis. The Committee will receive, with such frequency as it deems appropriate, notification from its outside advisors on the non-Committee work performed by such advisors to the Company.
21. The Committee may select, or receive advice from, a compensation consultant, outside legal counsel or other advisor to the Committee only after taking into consideration all factors relevant to that person's or entity's independence (including the following six factors and any other factors specified from time to time in the listing standards of NASDAQ):
  - (a) the provision of other services to the Company by the person or entity that employs the compensation consultant, legal counsel or other advisor;
  - (b) the amount of fees received from the Company by the person or entity that employs the compensation consultant, legal counsel or other advisor, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other advisor;
  - (c) the policies and procedures of the person or entity that employs the compensation consultant, legal counsel or other advisor that are designed to prevent conflicts of interest;
  - (d) any business or personal relationship of the compensation consultant, legal counsel or other advisor with a member of the Committee;
  - (e) any shares of the Company owned by the compensation consultant, legal counsel or other advisor; and

- (f) any business or personal relationship of the compensation consultant, legal counsel, other advisor or the person employing the adviser with the Chief Executive Officer of the Company or any Designated Employee(s).

The Committee may select, or receive advice from, outside legal counsel or any compensation consultant or advisor that it considers appropriate, including an advisor that is not independent, after considering the relevant independence factors.

### **Compliance with Disclosure Requirements**

- 22. The Committee shall annually review and recommend approval to the Board (if deemed advisable) the disclosure of the Company's executive compensation included in the management information circular prepared in connection with the applicable meetings of shareholders, on the Company website and in other public disclosure or communications.

### **General**

- 23. The Committee shall undertake on behalf of the Board such other compensation initiatives as may be necessary or desirable to contribute to the success of the Company and enhance shareholder value.
- 24. The Committee shall perform such other functions as required by law, the Company's constating documents or the Board.

### **Exceptions**

- 25. The Committee may delegate from time to time to any person or committee any of its responsibilities that may lawfully be delegated, provided that any authority to grant awards under compensation and equity plans may not be delegated to the Company's management or to any other person.

### **Inconsistencies with Plans**

- 26. To the extent any provisions in the Company's equity compensation plans, including but not limited to, the incentive stock option plan, as applicable, (collectively, the "Plans") conflict with or are inconsistent with any provisions provided in this Charter, the provisions in any such Plans shall prevail, provided that such provisions in the applicable Plans are compliant with applicable securities legislation and rules of NASDAQ, the TSX or the SEC.

### **THIS CHARTER**

- 27. The Committee shall review and reassess at least annually the adequacy of this Charter and as required by applicable laws or by the applicable securities legislation, and rules of NASDAQ, the TSX or the SEC.
- 28. This Charter shall be posted on the Company's website.