

**NXT ENERGY SOLUTIONS INC.**

**BOARD OF DIRECTOR COMMITTEE CHARTERS**

**FOR THE**

**CORPORATE GOVERNANCE COMMITTEE**

**AND THE**

**COMPENSATION COMMITTEE**

# **NXT Energy Solutions Inc.**

## **Corporate Governance Committee Mandate**

### ***PURPOSE***

The Corporate Governance Committee (the “**Committee**”) of NXT Energy Solutions Inc. (the “**Company**”) is a standing committee appointed by the Board of Directors. The Committee is responsible for overseeing and assessing the functioning of the Board and the committees of the Board and for the development, recommendation to the Board, implementation and assessment of effective corporate governance principles and guidelines. The Committee’s responsibilities also include identifying candidates for director and recommending that the Board select qualified director candidates for election at the next annual meeting of shareholders (the “**Annual Meeting**”).

In discharging its responsibilities, the Committee will report and, where appropriate, make recommendations to the Board in respect of the matters identified in this mandate.

### ***PROCEDURES, POWERS AND DUTIES***

In addition to any procedures and powers set out in the resolution of the Board establishing this Committee, the Committee shall have, but not be limited to, the following procedures, powers and duties:

### ***GENERAL***

1. *Composition* - The Committee shall be composed of three members or such greater number as the Board may from time to time determine. Two members of the Committee shall be “independent” directors, as such term is defined in National Instrument 58-201, the third shall be an officer of the Corporation.
2. *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 director to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all its power as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified.
3. *Committee Chair* - The Committee Chair shall be designated by the full Board. The Chair of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting to the Board.
4. *Conflicts of Interest* - If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, 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.

5. *Compensation of Committee Members* - The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine. No member of the Committee shall receive from the Company any compensation other than the fees to which he or she is entitled as a director or a member of a committee of the Board.
6. *Separate Executive Meetings* - The Committee shall meet at least once every year, and more often as warranted, with the Chief Executive Officer, the Company's appointed Privacy Officer and the head of the human resources department to discuss any matters that the Committee or either of these individuals believes should be discussed privately. However, the Committee shall also meet periodically without management present.

#### ***MEETINGS OF THE COMMITTEE***

7. *Procedures for Meetings* - Subject to any applicable statutory or regulatory requirements and the articles and by-laws of the Company, the time at which and place where the meetings of the Committee shall be held and the calling of Committee meetings and the procedure in all things at such meetings shall be determined by the Committee.
8. *Calling of Meetings* - The Committee shall meet as often as it deems appropriate to discharge its responsibilities, but no less than once a year. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including facsimile or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting. However, a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members before each Committee meeting in sufficient time to provide adequate opportunity for their review.
9. *Quorum* - A majority of members of the Committee shall constitute a quorum for the transaction of Committee business. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by telephone or other communication device that permits all persons participating in the meeting to speak and hear each other, or by a resolution in writing signed by all the members of the Committee.
10. *Chair of Meetings* - If the Chair of the Committee 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.

11. *Secretary of Meeting* - The Chair of the Committee shall designate a person who need not be a member of the Committee to act as secretary or, if the Chair of the Committee fails to designate such a person, the secretary of the Company shall be secretary of the Committee. The agenda of the Committee meeting will be prepared by the secretary of the Committee and, whenever reasonably practicable, circulated to each member prior to each meeting.
12. *Minutes* - Minutes of the proceedings of the Committee shall be kept in minute books provided for that purpose. The minutes of Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.

### ***POWERS OF THE COMMITTEE***

13. *Access* - The Committee is entitled to full access to all books, records, facilities, and personnel of the Company. The Committee may require such officers, directors and employees of the Company and others as it may see fit from time to time to provide any information about the Company it may deem appropriate and to attend and assist at meetings of the Committee.
14. *Delegation* - The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.
15. *Adoption of Policies and Procedures* - The Committee may adopt policies and procedures for carrying out its responsibilities.
16. *Professional Assistance* - The Committee may, subject to a simple majority vote in favour, retain special legal, accounting, financial or other consultants to advise the Committee at the Company's expense including sole authority to retain and terminate any search firm to be used to identify director candidates and to approve any such firm's fees and other retention terms.
17. *Reporting to the Board* - 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 Mandate.

### ***BOARD COMPOSITION AND DIRECTOR NOMINATIONS***

18. The Committee shall identify and recommend to the Board qualified director nominees for interim appointments of directors to fill vacancies between annual meetings in accordance with the Articles and By-Laws of the Company, and for all director nominees for election at the Annual Meeting.
19. The Committee shall:
  - (a) review from time to time the appropriate size of the Board, with a view to facilitating effective decision-making;

- (b) develop and review periodically standards to be applied in making determinations as to the presence or absence of material relationships between each Director and the Company;
  - (c) review annually the competencies, skills and personal qualities required of the Board of Directors in its entirety in order to add value to the Company, in light of:
    - (i) the opportunities and risks facing the Company and the Company's proposed strategy;
    - (ii) the need to ensure that a majority of the Board is comprised of individuals, each of whom is an "independent" director (as such term is defined from time to time under the requirements or guidelines for board service under applicable securities laws and the rules of any stock exchange on which the Company's securities are listed for trading); and
    - (iii) the Company's corporate governance guidelines and Board policies with respect to director tenure, retirement and succession and the number of boards on which directors may sit.
  - (d) review periodically the competencies, skills and personal qualities of each existing director, and the contributions made by each individual director to the effective operation of the Board as a group and review any significant change in the primary occupation of the director; and
  - (e) in light of the above, make recommendations for changes to the composition of the Board.
20. The Committee shall recruit and consider candidates for director, including any candidates recommended by shareholders, having regard for the background, employment and qualifications of possible candidates. The Committee shall:
- (a) consider whether the candidate's competencies, skills and personal qualities are aligned with the Company's needs and any criteria for selecting new directors established by the Board; and
  - (b) ensure the candidate understands the demands and expectations of a director of the Company.

### ***SUCCESSION PLANNING***

21. The Committee shall periodically review with the Chair of the Board and the Chief Executive Officer the succession plans relating to the position of the Chief Executive Officer and other senior positions and make recommendations to the Board with respect to the selection of individuals to occupy these positions.
22. The Committee shall review plans in respect of an unexpected incapacitation of the Chief Executive Officer.

### ***CORPORATE GOVERNANCE***

23. The Committee is responsible for reviewing, at least annually, the Company's approach to governance issues and revising the Company's corporate governance guidelines. The Committee shall make recommendations to the Board with respect to director tenure, retirement and succession.
24. The Committee is responsible for monitoring the number of boards on which directors sit.
25. The Committee shall approve all external board appointments that officers of the Company undertake.
26. The Committee shall establish policies to enable an individual director to engage an outside advisor at the expense of the Company with the approval of the Committee.

### ***CODE OF BUSINESS CONDUCT AND ETHICS***

27. The Committee shall:
  - (a) periodically review and approve all amendments to the Code of Business Conduct and Ethics;
  - (b) be responsible for granting any waivers for the benefit of the Company's directors or senior officers from the application of the Code of Business Conduct and Ethics and shall review and approve all news releases issued in respect of such waivers prior to their distribution;
  - (c) oversee systems for monitoring compliance with the Code of Business Conduct and Ethics;
  - (d) encourage and enable employees and others to raise serious concerns with respect to violations or suspected violations of the Code of Business Conduct and Ethics within the Company;
  - (e) oversee systems for monitoring, investigating and resolving concerns with respect to violations or suspected violations of the Code of Business Conduct and Ethics.

### ***INSIDER TRADING***

28. The Committee shall periodically review the Company's Insider Trading Policy. Such policy imposes mandatory black-out periods during which directors and senior management of the Company are prohibited from trading in securities of the Company.
29. The Committee shall periodically review management's systems and practices for ensuring that all directors and all officers of the Company who are required to do so file insider reports in connection with any trade of securities of the Company or any derivative transaction which results in the effective disposition of the individual's economic interest in a security of the Company within the shortest period of time in which such reports are required to be filed.

### ***PRIVACY POLICY***

30. The Committee shall review and approve as necessary the Company's approach and policy with respect to privacy legislation. Such policy shall comply with privacy legislation within each jurisdiction in which the Company operates.
31. The Committee shall oversee systems for monitoring compliance with the privacy policy and maintain a direct line of communication with the Company's Privacy Officer.

### ***DIRECTOR ORIENTATION AND CONTINUING EDUCATION***

32. The Committee shall oversee an orientation program to familiarise new directors with the Company's business and operations, including the Company's reporting structure, strategic plans, significant financial, accounting and risk issues and compliance programs and policies, management and the external auditors. The Committee shall also oversee ongoing educational opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Company's business remains current.

### ***BOARD EVALUATIONS***

33. The Committee shall annually review and make recommendations to the Board for changes to the Board of Directors Mandate and the position description for the Chair of the Board as well as a position description for directors and each committee chair.
34. The Committee shall conduct annual surveys of directors with respect to their views on the effectiveness of the Board, the Chair of the Board, each committee of the Board and its Chair and the contribution of individual directors.
35. The Committee shall evaluate the performance of the Chair of the Board, the Chair of each Committee and the performance and contribution of individual directors, having regard for the position descriptions for the Board and Board Chair, the mandate for each committee, the results of annual surveys of the directors, attendance at Board and Board committee meetings and the overall contribution, competencies and skills each individual director is expected to bring to the Board.
36. The Committee shall also annually assess the effectiveness of the Board as a whole and each committee of the Board, including this Committee, having regard for the Board of Directors Mandate and the charter of each Board Committee and make recommendations to the Board.

### ***OPERATIONS OF THE BOARD***

37. The Committee shall assess the needs of the Board and make recommendations with respect to rules and guidelines governing and regulating the affairs of the Board, including:
  - (a) the frequency and location of Board and committee meetings;
  - (b) procedures for establishing meeting agendas and the conduct of meetings; and

- (c) the availability, relevance and timeliness of discussion papers, reports and other information required by the Board.

### ***BOARD COMMITTEES***

- 38. At the first meeting of the Board following each Annual Meeting, the Chair of the Committee shall recommend to the Board the allocation of directors to each of the Board committees. Thereafter, when a vacancy occurs at any time in the membership of any Board committee, the Committee shall recommend a particular director to the Board to fill such vacancy.
- 39. The Committee shall review from time to time, and at least annually, the charters of the committees of the Board and make recommendations regarding the charters to the Board and recommend timely changes in the role, size, composition and structure of Board committees.

### ***BOARD INDEPENDENCE***

- 40. The Committee shall annually review the standards for determining whether a director is independent including a review of the meaning of “independent director” as set out in National Instrument 58-201.
- 41. The Committee shall report annually to the Board on the Committee’s review of the independence of each of the Directors.
- 42. The Committee shall monitor and assess the relationship between the Board and management, defining the limits to management’s responsibilities and making such recommendations as it may deem necessary with a view to ensuring that the Board is able to function independently of management.

### ***REPORTING AND DISCLOSURE REQUIREMENTS***

- 43. The Committee shall annually review and approve the corporate governance disclosure required to be made in the Company’s Annual Information Form, Notice and Proxy Circular, and on the Company website.

### ***GENERAL***

- 44. The Committee shall undertake on behalf of the Board such other corporate governance initiatives as may be necessary or desirable to enable the Board to provide effective corporate governance for the Company and contribute to the success of the Company and enhance shareholder value.

### ***THIS MANDATE***

The Committee shall review and reassess the adequacy of this Mandate at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Mandate annually.



The Committee shall ensure that this Mandate is disclosed on the Company's website and that this Mandate or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements.

## **NXT Energy Solutions Inc. Compensation Committee Mandate**

### ***PURPOSE***

The Compensation Committee (the “**Committee**”) is a standing committee appointed by the Board of Directors of NXT Energy Solutions Inc. (the “**Corporation**”). 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, with the skills and expertise needed to enable the Company to achieve its goals and strategies at fair and competitive compensation and appropriate performance incentives. In discharging its responsibilities, the Committee will report and, where appropriate, make recommendations to the Board in respect of the matters identified in this charter. In addition, the Committee is responsible for producing an annual report on executive compensation for inclusion in the Company’s annual proxy circular in accordance with applicable securities laws.

### ***PROCEDURES, POWERS AND DUTIES***

In addition to any procedures and powers set out in a resolution of the Board from time to time, the Committee shall have, but not be limited to, the following procedures, powers and duties:

#### **1. General**

- (a) *Composition* - The Committee shall be composed of three (3) members or such greater number as the Board may from time to time determine. Each member of the Committee shall be an “independent” director as such term is defined in National Policy 58-201 – Corporate Governance Guidelines.
- (b) *Appointment and Replacement of Committee Members* - Any member of a 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 director to the Committee. The Board shall fill a 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 its power as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified.
- (c) *Committee Chair* - The Chair of the Committee shall be designated by the full Board. The Chair of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making Committee assignments and reporting to the Board.
- (d) *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.

- (e) *Compensation of Committee Members* - The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine. No member of the Committee shall receive from the Company any compensation other than the fees to which he or she is entitled as a director, or a member of a committee of the Board.
- (f) *Separate Executive Meetings* - The Committee shall meet at least twice every year, and more often as warranted, with the Chief Executive Officer to discuss any matters that the Committee or either of these individuals believes should be discussed privately. However, the Committee shall also meet from time to time without Management present.

## 2. **Meetings of the Committee**

- (a) *Procedures for Meetings* - Subject to any applicable statutory or regulatory requirements and the articles and by-laws of the Company, the time at which and place where the meetings of the Committee shall be held, the calling of Committee meetings and the procedure in all things at such meetings shall be determined by the Committee.
- (b) *Calling of Meetings* - The Committee shall meet at least semi-annually, or more frequently as it deems appropriate to discharge its responsibilities. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including facsimile or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting. However, a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members before each Committee meeting in sufficient time to provide adequate opportunity for their review.
- (c) *Quorum* - A majority of members of the Committee shall constitute a quorum for the transaction of Committee business. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by telephone or other communication device that permits all persons participating in the meeting to speak and hear each other, or by a resolution in writing signed by all the members of the Committee.

- (d) *Chair of Meetings* - If the Chair of the Committee 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.
- (e) *Secretary of Meeting* - The Chair of the Committee shall designate a person who need not be a member of the Committee to act as secretary or, if the Chair of the Committee fails to designate such a person, the secretary of the Company shall be secretary of the Committee. The agenda of each Committee meeting will be prepared by the secretary of the Committee and, whenever reasonably practicable, circulated to each member prior to each meeting.
- (f) *Minutes* - Minutes of the proceedings of the Committee shall be kept in minute books provided for that purpose. The minutes of Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.

### 3. **Powers of the Committee**

- (a) *Access* - The Committee is entitled to full access to all books, records, facilities, and personnel of the Company. The Committee may require such officers, directors and employees of the Company and others as it may see fit from time to time to provide any information about the Company it may deem appropriate and to attend and assist at meetings of the Committee.
- (b) *Delegation* - The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.
- (c) *Adoption of Policies and Procedures* - The Committee may adopt policies and procedures for carrying out its responsibilities.
- (d) *Professional Assistance* - The Committee may, subject to a simple majority vote in favor, retain special legal, accounting, financial or other consultants to advise the Committee at the Company's expense including sole authority to retain and terminate any executive compensation consulting firm and to approve any such firm's fees and other retention terms.
- (e) *Reporting to the Board* - 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.

### **Director Compensation**

- 4. The Committee shall recommend to the Board the terms upon which directors shall be compensated. The Committee shall recommend to the Board the 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 Senior Officers

5. The Committee shall annually:
  - (a) review, revise and approve the position description of the Chief Executive Officer and recommend in conjunction with the participation of the Chief Executive Officer annual performance goals, objectives and criteria for the Chief Executive Officer, evaluate the performance of the Chief Executive Officer against such position description and applicable performance goals, objectives and criteria and make recommendations to the Board with respect to the Chief Executive Officer's level of compensation based on this evaluation;
  - (b) review the Chief Executive Officer's evaluation of the performance of the other officers of the Company appointed by the Board and such other employees of the Company or any subsidiary of the Company as may be identified to the Committee by the Board (collectively, the "**Designated Employees**") and review the Chief Executive Officer's recommendations with respect to the amount of compensation to be provided to the Designated Employees;
  - (c) review and 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) the 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 performance and relative shareholder return;
    - (iv) whether the compensation package reflects an appropriate balance between short and longer-term incentives to improve performance of the Company;
    - (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.
6. The Committee shall review and approve any employment contracts or arrangements with the Chief Executive Officer and each of the Designated Employees, including any retiring allowance arrangements, severance payments or any similar arrangements to take effect in the event of a termination of employment and any change of control agreements.

## **Compensation Policies**

7. 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 such plans and in particular, the compensation policies, processes and plans respecting the Chief Executive Officer and the Designated Employees.
8. The Committee shall review and recommend to the Board the overall parameters of the Company's multi-year incentive plans, if any, including recommending who should be eligible to participate under these plans and changes to such plans
9. The Committee shall review and recommend to the Board the Designated Employees to be included as participants in the Company's Stock Option Plan.

## **Loans to Directors and Senior Officers**

10. The Committee shall review Management's policies and practices respecting the Company's compliance with applicable legal prohibitions, disclosure requirements or other requirements on making or arranging for personal loans to directors and senior officers or amending or extending any such existing personal loans or arrangements.

## **Reporting Requirements**

11. The Committee shall annually review in accordance with all applicable rules and regulations a report on executive compensation that shall be disclosed in the proxy circular prepared in connection with the Company's annual meeting of shareholders.

## **General**

12. Charitable donations in excess of \$25,000 by the Company to organizations in which a director is affiliated shall require prior approval by the Committee after consideration of any impact that such donation may have on director independence.
13. The Committee may 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.

## ***This Charter***

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure that this Charter is disclosed on the Company's website and that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual proxy circular or annual report of the Company.