CHARLOTTE'S WEB
STANLEY BROTHERS

Notice of Annual General and Special Meeting of Shareholders & Management Information Circular

The Annual General and Special Meeting of Shareholders
of Charlotte's Web Holdings, Inc. will be held:

Wednesday, June 9, 2021, 10:00 a.m. (Mountain time)

To proactively deal with the unprecedented public health impact of COVID-19, and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, the Annual General and Special Meeting will be held in a virtual only format, which will be conducted via a live audio webcast. Shareholders (as defined herein) and duly appointed proxyholders can attend the meeting online at https://web.lumiagm.com/217588644 where they can participate, vote, or submit questions during the meeting's live webcast. You must be connected to the internet at all times to be able to vote – it is your responsibility to ensure you stay connected for the entire Annual General and Special Meeting.

Dated: April 30, 2021

THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF CHARLOTTE'S WEB HOLDINGS, INC. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF CHARLOTTE'S WEB HOLDINGS, INC. TO BE HELD ON JUNE 9, 2021.

CHARLOTTE'S WEB
STANLEY BROTHERS

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 9, 2021

April 30, 2021

NOTICE IS HEREBY GIVEN THAT an annual general and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares and proportionate voting shares (collectively, the "**Shares**") of Charlotte's Web Holdings, Inc. ("**Charlotte's Web**" or the "**Company**") will be held as a virtual only meeting via live audio webcast online at https://web.lumiagm.com/217588644 at 10:00 a.m. (Mountain time) on Wednesday, June 9, 2021 for the following purposes:

1. to receive and consider the audited financial statements of the Company for the financial year ended December 31, 2020 and the report of the auditors thereon;
2. to fix the number of directors for the ensuing year at five;
3. to elect directors for the ensuing year as described in the management information circular (the "**Circular**") accompanying this notice;
4. to appoint Ernst & Young LLP as auditors for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
5. to consider and, if deemed appropriate, pass, with or without variation, an ordinary resolution, the full text of which is set forth in Appendix A to this Circular, to approve the amended long term incentive plan of the Company, as more fully described in this Circular; and
6. to transact such further or other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Circular which forms a part of this Notice.

The record date (the "**Record Date**") for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting is April 30, 2021. Only Shareholders of record at the close of business on the Record Date ("**Registered Shareholders**") will be entitled to vote at the Meeting, unless that Shareholder has transferred any Shares subsequent to that date and the transferee Shareholder, not later than 10 days before the Meeting, establishes ownership of the Shares and demands that the transferee's name be included on the list of Shareholders entitled to vote at the Meeting in respect of such transferred Shares.

This year, in light of the continuing COVID-19 pandemic and to protect our employees, Shareholders and other stakeholders, Charlotte's Web will hold the Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will have an equal opportunity to participate in the Meeting and engage with directors of the Company and management as well as other Shareholders, regardless of their geographic location.

Provided they are connected to the internet and comply with all of the requirements set out in the Circular, Registered Shareholders and duly appointed proxyholders will be able to attend and participate in the Meeting, ask questions and vote in real time at https://web.lumiagm.com/217588644. Beneficial Shareholders (being Shareholders who hold their Shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests, but guests will not be able to vote at the Meeting. Shareholders that usually vote by proxy ahead of the Meeting will be able to do so in the normal way as described below.

Registered Shareholders may attend and participate in the Meeting virtually or may be represented by proxy. Registered Shareholders who are unable to attend the Meeting virtually or any adjournment or postponement thereof are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the enclosed form of proxy must be received by Odyssey Trust Company: (a) by mail to Odyssey Trust Company, 1230 – 300 5th Avenue SW, Calgary, Alberta, T2P 3C4, Canada, (b) by facsimile to 1-800-517- 4553, or (c) online at https://login.odysseytrust.com/pxlogin. In order to be valid and acted upon at the Meeting, proxies must be returned to Odyssey Trust Company not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment or postponement thereof. Shareholders are cautioned that the transmission of proxies by mail is at each Shareholder's risk.

Beneficial Shareholders (being Shareholders holding Shares that are registered in the name of a broker, custodian, bank, trust company or other intermediary or nominee) should complete and return the voting instruction form or other authorization provided to them in accordance with the instructions provided therein. Failure to do so may result in their Shares not being voted at the Meeting.

Shareholders who wish to appoint a person other than the management designees identified on the enclosed form of proxy or voting instruction form to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or voting instruction form and following the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you wish that a person other than the management nominees identified on the form of proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your Shares, including if you are a non-registered shareholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you MUST register such proxyholder after having submitted your form of proxy or voting instruction form identifying such proxyholder. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the Meeting. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, Shareholders MUST send an email to charlottesweb@odysseytrust.com and provide Odyssey Trust Company ("**Odyssey**") with their proxyholder's contact information, amount of Shares appointed, name in which the Shares are registered if they are a Registered Shareholder, or name of broker where the Shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email.

The proxyholder has discretion under the enclosed form of proxy to consider matters to come before the Meeting. The persons named in the enclosed proxy will have discretionary authority with respect to: (a) any amendments or variations of the matters of business to be acted on at the Meeting; and (b) any other matters properly brought before the Meeting or any adjournment or postponement thereof, in each instance, to the extent permitted by law, whether or not the amendment, variation or other matter that comes before the Meeting is routine and whether or not the amendment, variation or other matter that comes before the Meeting is contested.

At the date of this Circular, management of Charlotte's Web knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Charlotte's Web Notice of Meeting. Shareholders who are planning on returning the accompanying form of proxy are encouraged to review this Circular carefully before submitting the form of proxy.

It is the intention of the persons named in the enclosed form of proxy for Shareholders, if not expressly directed to the contrary in such form of proxy, to vote FOR each of resolutions to be considered at the Meeting.

As a Shareholder of the Company, it is very important that you read the Circular and other Meeting materials carefully. They contain important information with respect to voting your Shares and attending and participating at the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS OF CHARLOTTE'S WEB HOLDINGS, INC.

(s) "*Deanie Elsner*"

Deanie Elsner
President, Chief Executive Officer and a Director
Charlotte's Web Holdings, Inc.

CHARLOTTE'S WEB
STANLEY BROTHERS

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR (THE "CIRCULAR") IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF CHARLOTTE'S WEB HOLDINGS, INC. ("CHARLOTTE'S WEB" OR THE "COMPANY") of proxies from the holders (the "**Shareholders**") of common shares ("**Common Shares**") and proportionate voting shares ("**Proportionate Voting Shares**" or "**PVSs**", and together with the Common Shares, the "**Shares**") for the annual general meeting of the Shareholders of the Company (the "**Meeting**") to be held as a virtual only Meeting via live audio webcast online at https://web.lumiagm.com/217588644 at 10:00 a.m. (Mountain time) on Wednesday, June 9, 2021, or at any adjournment(s) thereof for the purposes set out in the accompanying notice of meeting (the "**Notice of Meeting**"). Shareholders will not be able to attend the Meeting in person.

This year, in light of the continuing COVID-19 pandemic, and to protect our employees, Shareholders and other stakeholders, Charlotte's Web will hold the Meeting in virtual only format, which will be conducted via live audio webcast. Shareholders will have an equal opportunity to participate in the Meeting online regardless of their geographic location. Inside this Circular, you will find important and detailed instructions about how to participate at the virtual Meeting.

Provided they are connected to the internet and comply with all of the requirements set out in the Circular, Shareholders whose names have been entered into the register of Shareholders as the owner of Shares as of the Record Date (as defined below) and duly appointed proxyholders will be able to attend and participate in the Meeting, ask questions and vote in real time at https://web.lumiagm.com/217588644. Beneficial Shareholders (being Shareholders who hold their Shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests, but guests will not be able to vote at the Meeting. Shareholders that usually vote by proxy ahead of the Meeting will be able to do so in the normal way as described below.

The solicitation of proxies is made on behalf of the management of the Company. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company.

Unless otherwise stated, the information contained in this Circular is as of April 30, 2021 (the "**Effective Date**").

Unless the context otherwise requires, all references to "$", "C$" and "dollars" mean references to the lawful money of Canada. All references to "US$" refer to United States dollars. Figures in tables may not add or be exact due to rounding.

Notice and Access

The Company has elected to use the "notice-and-access" provisions under NI 54-101 (the "**Notice-and-Access Provisions**") for the Meeting in respect of mailings to Beneficial Shareholders (as defined herein) but not in respect of mailings to registered Shareholders. The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that are mailed to Shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its Shareholders and related materials online. Use of the Notice-and-Access Provisions reduces the environmental impact of producing and distributing paper copies of documents in large quantities.

More specifically, the Company has elected to use a procedure known as 'stratification' in relation to the use of the Notice-and-Access Provisions. As a result, registered Shareholders will receive paper copies of the Notice of the Meeting, this Circular, a form of proxy and the financial information in respect of our most recently completed financial year (the "**Meeting Materials**"), whereas Beneficial Shareholders will receive a notice containing information prescribed by the Notice-and-Access Provisions and a VIF (as defined herein). In addition, paper copies of the Meeting Materials will be mailed to those Shareholders who do not hold their Shares in their own name but who have previously requested to receive paper copies of these materials.

The Company will be delivering proxy-related materials to non-objecting Beneficial Shareholders directly with the assistance of Broadridge (as defined herein). The Company intends to pay for intermediaries to deliver proxy-related materials to objecting Beneficial Shareholders.

The Meeting Materials will be available electronically at https://odysseytrust.com/client/charlottes-web-holdings-inc/ as of May 3, 2021, and will remain on the website for one full year thereafter. The Meeting Materials will also be available on SEDAR at www.sedar.com.

Shareholders who wish to receive paper copies of the Meeting Materials may request copies by calling toll-free at 1(888) 290-1175 (within North America) or 1(587) 885-0960 (outside of North America). Meeting Materials will be sent to such Shareholders and to Shareholders requesting paper copies of the Meeting Materials by any other means at no cost to them, within three business days of receipt of the request, if such requests are made before the date of the Meeting, including any adjournment or postponement thereof, and within 10 calendar days of receipt of the request, if such requests are made on or after the date of the Meeting and within one calendar year of the Meeting Materials being filed online.

APPOINTMENT AND REVOCATION OF PROXIES

Accompanying this Circular is a form of proxy for holders of Common Shares and Proportionate Voting Shares. The persons named (the "**Management Designees**") in the enclosed form of proxy have been selected by the directors of the Company and have indicated their willingness to represent as proxy the Shareholder who appoints them.

A form of proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is completed and delivered to the Company c/o Odyssey Trust Company: (i) by mail to 1230 - 300 5th Avenue SW, Calgary, Alberta T2P 3C4, Canada; or (ii) by fax at 1-800-517-4553; or (iii) online at https://login.odysseytrust.com/pxloginhttps://odysseytrust.com/Transfer-Agent/Login, so that it is received by 10:00 a.m. (Mountain time) on Monday, June 7, 2021 (or at least 48 hours prior to the commencement of any reconvened Meeting in the event of any adjournment(s) or postponement(s) thereof, excluding Saturdays, Sundays and holidays). Shareholders are cautioned that the transmission of proxies by mail is at each Shareholder's risk. Late proxies may be accepted or rejected by the Chairman of the Meeting, in his or her discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A Shareholder has the right to appoint a person (a "third party proxyholder", who need not be a Shareholder) to represent such Shareholder at the Meeting other than the Management Designees, including beneficial Shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting. Shareholders who wish to appoint a third party proxyholder to attend, participate or vote at the Meeting as their proxy and vote their Shares MUST submit their proxy or voting instruction form (as applicable) appointing such third party proxyholder AND register the third party proxyholder, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Username to attend, participate or vote at the Meeting.

- **Step 1: Submit your proxy or voting instruction form:** To appoint a third party proxyholder, insert such person's name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you are a beneficial Shareholder located in the United States, you must also provide Odyssey Trust Company with a duly completed legal proxy if you wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder. See below under "*Advice to Beneficial Shareholders - Information for Beneficial Shareholders in the United States*".

- **Step 2: Register your proxyholder:** To register a proxyholder, Shareholders MUST send an email to charlottesweb@odysseytrust.com by 10:00 a.m. (Mountain time) on June 8, 2021 and provide Odyssey Trust Company with the required proxyholder contact information, amount of Shares appointed, name in which the Shares are registered if they are a registered Shareholder, or name of broker where the Shares are held if a beneficial Shareholder, so that Odyssey may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting.

A Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the Shareholder or by his or her authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal (if applicable) by an officer or attorney thereof duly authorized, either at the registered office of the Company or to Odyssey Trust Company, 1230 - 300 5th Avenue SW, Calgary, Alberta T2P 3C4, Canada, fax 1-800-517-4553, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment or postponement thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment or postponement thereof.

If you are a beneficial Shareholder and wish to attend, participate or vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary AND register yourself as your proxyholder, as described above. By doing so, you are instructing your intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary. Please also see further instructions below under the heading "*Attending, Participating and Voting at the Meeting*".

Signature of Proxy

The form of proxy accompanying this Circular must be executed by the Shareholder or its attorney authorized in writing, or if the Shareholder is a corporation, the form of proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A proxy signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following its signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold their Shares in their own name. Shareholders who hold their Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records maintained by the Company's registrar and transfer agent as the registered holders of Shares will be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Shares will, in all likelihood, not be registered in the Shareholder's name on the records of Charlotte's Web. Such Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the brokers and their agents and nominees are prohibited from voting Shares for their clients. Charlotte's Web does not know for whose benefit the Shares registered in the name of CDS & Co. are held. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Applicable regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting.

Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided to registered Shareholders by the Company; however, its purpose is limited to instructing the registered Shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares and mails a machine-readable voting instruction form (a "**VIF**") in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the VIF to Broadridge by mail or facsimile, or to otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. A Beneficial Shareholder who receives a VIF cannot use that VIF to vote Shares directly at the Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Shares voted. If you have any questions respecting the voting of Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his or her broker or other intermediary, a Beneficial Shareholder may attend at the Meeting as a proxyholder for the registered holder and vote the Shares in that capacity. Should a Beneficial Shareholder wish to vote at the Meeting, see "*Appointment and Revocation of Proxies*" and "*Attending, Participating and Voting at the Meeting*".

All references to Shareholders in this Circular and the accompanying form of proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

Information for Beneficial Shareholders in the United States

If you are a Beneficial Shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described above and below under "*Appointment and Revocation of Proxies*" and "*Attending, Participating and Voting at the Meeting*", you must obtain a valid legal proxy from your intermediary. Follow the instructions from your intermediary included with the legal proxy form and the voting information form sent to you, or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy to Odyssey. Requests for registration from beneficial Shareholders located in the United States that wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as their proxyholder must be sent by email to charlottesweb@odysseytrust.com by 10:00 a.m. (Mountain time) on June 8, 2021.

VOTING OF PROXIES

Each Shareholder may instruct his or her proxy how to vote his or her Shares by completing the blanks on the form of proxy accompanying this Circular (the "**Instrument of Proxy**"). All Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Shares represented by the proxy will be voted in accordance with such specification. In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Shares represented by such form of proxy will be voted in favour of the matters set out therein.

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting or any adjournment or postponement thereof. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters that may come before the Meeting. In the event that other matters come before the Meeting (or any adjournment or postponement thereof), the Management Designees will then vote in accordance with the judgment of management of the Company.

ATTENDING, PARTICIPATING AND VOTING AT THE MEETING

Charlotte's Web is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), Shareholders must have a valid Username.

Registered Shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at https://web.lumiagm.com/217588644. Such persons may then enter the Meeting by clicking "I have a login" and entering a Username and Password before the start of the Meeting:

- **Registered Shareholders:** The control number located on the form of proxy (or in the email notification you received) is the Username. The Password to the Meeting is "charlottes2021" (case sensitive). If as a registered Shareholder you are using your control number to login to the Meeting and you have previously voted, you do not need to vote again when the polls open. By voting at the Meeting, you will revoke your previous voting instructions received prior to voting cutoff.

- **Duly appointed proxyholders:** Odyssey will provide the proxyholder with a Username by e-mail after the voting deadline has passed. The Password to the Meeting is "charlottes2021" (case sensitive). Only registered Shareholders and duly appointed proxyholders will be entitled to attend, participate and vote at the Meeting. Beneficial Shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as a guest but not be able to participate or vote at the Meeting. Shareholders who wish to appoint a third party proxyholder to represent them at the Meeting (including beneficial Shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting) MUST submit their duly completed proxy or voting instruction form AND register the proxyholder. See "Appointment and Revocation of Proxies" above.

- **Guests:** Guests are welcome to attend and view the webcast, but will be unable to participate or vote at the Meeting. To join as a guest please visit the Meeting online at https://web.lumiagm.com/217588644 and select “Join as a Guest” when prompted.

Beneficial Shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as a guest but will not be able to vote at the Meeting. This is because Charlotte's Web and its transfer agent do not have a record of the beneficial Shareholders of Charlotte's Web, and, as a result, will have no knowledge of your Shareholdings or entitlement to vote, unless you appoint yourself as proxyholder. If you are a beneficial Shareholder and wish to vote at the Meeting, you have to appoint yourself as proxyholder by inserting your own name in the space provided on the voting instruction form sent to you and must follow all of the applicable instructions provided by your intermediary. See "*Appointment and Revocation of Proxies*" above.

QUORUM

The Articles of the Company (the "**Articles**") provide that a quorum of Shareholders is present at a meeting of Shareholders of the Company if at least two persons holding or representing by proxy not less than 25% of the outstanding shares entitled to vote at the meeting are present.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Proportionate Voting Shares. As at the Effective Date of this Circular, the Company has 109,378,169 Common Shares issued and outstanding and 76,264.42 Proportionate Voting Shares issued and outstanding. If all outstanding Proportionate Voting Shares were converted into Common Shares, there would be 139,883,938 Common Shares outstanding.

Voting Rights

The Common Shares carry one vote per share for all matters coming before Shareholders at the Meeting and the Proportionate Voting Shares carry 400 votes per share for all matters coming before Shareholders at the Meeting.

The holders of Common Shares and Proportionate Voting Shares are entitled to receive notice of any meeting of Shareholders of the Company, and to attend and vote at those meetings, except those meetings at which holders of a specific class of shares are entitled to vote separately as a class under the *Business Corporations Act* (British Columbia) (the "**BCBCA**").

Unless a different majority is required by law or the Company's Articles, resolutions to be approved by holders of Shares require approval by a simple majority of the total number of votes of all Shares cast at a meeting of Shareholders at which a quorum is present, with holders of Common Shares entitled to one vote per Share and holders of Proportionate Voting Shares entitled to 400 votes per Share. Holders of Shares of record at the close of business on April 30, 2021 (the "**Record Date**") are entitled to vote such Shares at the Meeting except to the extent that, (a) the holder has transferred the ownership of any of its Shares after the Record Date, and (b) the transferee of those Shares produces properly endorsed share certificates, or otherwise establishes that they own the Shares, and demands not later than ten days before the day of the Meeting that their name be included on the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote their Shares at the Meeting.

To the knowledge of the Company, as at the Record Date, no person or company owns of record, or owns beneficially, or controls or directs, directly or indirectly, more than 10% of the voting rights attached to the Shares.

PARTICULARS OF THE MATTERS TO BE ACTED UPON

To the knowledge of the board of directors of the Company (the "**Board**"), the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

ITEM 1. REPORT AND FINANCIAL STATEMENTS

The audited financial statements of the Company for the financial year ended December 31, 2020 and the auditor's report on such statements will be presented at the Meeting. These financial statements have been mailed to the Shareholders requesting them, together with this Circular. A copy of the Company's financial statements for the financial year ended December 31, 2020 and the auditor's report thereon are also available under the Company's SEDAR profile at www.sedar.com. No vote by the Shareholders is required to be taken on the financial statements.

ITEM 2. FIXING THE NUMBER OF DIRECTORS

The term of office of each of the current directors expires at the Meeting. At the Meeting, Shareholders will be asked to consider passing an ordinary resolution fixing the number of directors of Charlotte's Web to be elected at five members, as may be adjusted between Shareholder meetings by way of resolution of the Board in accordance with the Company's Articles.

The resolution to fix the number of directors of Charlotte's Web at five must be approved by a simple majority of the aggregate votes cast by Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the ordinary resolution in favour of fixing the number of directors to be elected at the Meeting at five.**

ITEM 3. ELECTION OF DIRECTORS

The Shareholders will be asked to consider a resolution electing the directors of the Company to hold office until the next annual meeting of Shareholders. The persons nominated are, in the opinion of management, qualified to direct the activities of the Company until the next annual meeting of Shareholders. All nominees have indicated their willingness to stand for election.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Company presently held by such nominees, the nominee's municipality and province or country of residence, principal occupation at the present time and during the preceding five years, the period during which the nominee has served as a director, the number and percentage of Common Shares (assuming conversion of Proportionate Voting Shares issued into Common Shares on the basis of 400 Common Shares for one Proportionate Voting Share) and other securities that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as at the Effective Date and current public board memberships, if any.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board. The Company does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by Management Designees will be voted for another nominee in their discretion unless the Shareholder has specified in his or her form of proxy that his or her Common Shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual meeting of Shareholders or until his or her successor is duly elected or appointed, all as the case may be, unless his or her office is earlier vacated in accordance with the Articles of the Company or the provisions of the BCBCA to which the Company is subject.

At all meetings of the Board, every question is decided by a majority of the votes cast on the question; and in the case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote. The quorum for the transaction of business at any meeting of the Board shall consist of a majority of the number of directors then elected or appointed.

Nominees for Election as Directors

Name, Municipality of Residence, Office & Age	Present Occupation and Position Held During the Last Five Years	Number and Percentage of Common Shares, and Number of Options and RSAs, Held or Controlled as at the Effective Date[(1)]
Adrienne Elsner Denver, Colorado, USA *Chief Executive Officer, Director* Age: 58	Chief Executive Officer of the Company since May 15, 2019. Prior thereto, President, Snack Business Unit, Kellogg Company, a multinational food manufacturing company, since August 2015. Prior thereto, Executive Vice President and Chief Marketing Officer at Kraft Food Groups, a multinational food company, since February 2013. **Director Since:** May 15, 2019 **Status:** Non-Independent **Board Committees:** None **Public Board Membership:** Owens Corning, Inc. (NYSE: OC)	**Common Shares**: 48,349 (0.03%) **Restricted Stock Awards**: 233,816 **Stock Options**: 553,363
John Held Houston, Texas, USA *Chairman* Age: 59	General Counsel of Omega Protein Corporation, a nutritional specialty oils and protein products company, since 2000. Also served as Chairman of the Board of The Byzantium Group, a private security and investigations firm, from 2014 to 2015. Prior to 2000, served as General Counsel of American Residential Services, a publicly traded consolidator of the fragmented residential services industry, and also practiced corporate and securities law with a large international law firm. **Director Since:** May 18, 2018 **Status:** Independent **Board Committees:** Compensation Committee, Corporate Governance and Nominating Committee (Chair) **Public Board Membership:** None	**Common Shares**: 20,000 (0.01%) **Restricted Stock Awards**: 26,173 **Stock Options**: 17,420

Name, Municipality of Residence, Office & Age	Present Occupation and Position Held During the Last Five Years	Number and Percentage of Common Shares, and Number of Options and RSAs, Held or Controlled as at the Effective Date[(1)]
Jacques Tortoroli New York, New York, USA *Director* Age: 63	In January 2020, named Executive in Residence and Head of Advancement at St. Thomas Aquinas College in New York State. Formerly Chief Administration Officer of Bacardi Limited, a privately held spirits company, from November 2014 through September 2019. Prior thereto, Mr. Tortoroli spent more than a decade at multinational entertainment company Viacom, Inc., most recently serving as both Executive Vice President of Finance for Viacom and as EVP and Chief Financial Officer for Viacom Media Networks (formerly MTV Networks). **Director Since:** November 14, 2019 **Status:** Independent **Board Committees:** Audit Committee (Chair), Compensation Committee **Public Board Membership:** None	**Common Shares**: Nil (Nil%) **Restricted Stock Awards**: 23,678 **Stock Options**: 9,645
Jean Birch Scottsdale, Arizona, USA *Director* Age: 61	Director of CorePoint Lodging, a hotel real estate investment trust, since September 2018. Director of Forrester Research, a research and advisory firm, since January 2018. Director of Jack in the Box, a quick service restaurant chain, from June 2019 through February 2021. Prior thereto, director of Papa Murphy's Inc., a restaurant chain, from 2015 through 2019, director of Darden Restaurants, a restaurant chain company, from 2014 through 2016 and director of Cosi, Inc., a restaurant chain, from 2013 through 2016. **Director Since:** July 10, 2020 **Status:** Independent **Board Committees:** Compensation Committee (Chair), Audit Committee **Public Board Membership:** CorePoint Lodging Inc. (NYSE: CPLG), Forrester Research, Inc. (NASDAQ: FORR)	**Common Shares**: 7,500 (0.01%) **Restricted Stock Awards**: 23,678 **Stock Options**: 3,589
Susan Vogt River Forest, Illinois, USA *Director* Age: 67	Director of Sharps Compliance, Inc., a medical waste disposal management company, since September 26, 2019. Director of Anika Therapeutics Inc., an orthopedic medicine company, since October 23, 2018. Prior thereto, Chief Executive Officer of Aushon Biosystems, Inc., a biotechnology company, from April 15, 2013 through February 8, 2018. **Director Since:** September 3, 2020 **Status:** Independent **Board Committees:** Corporate Governance Committee and Audit Committee **Public Board Membership:** Anika Therapeutics Inc. (NASDAQ: ANIK), Sharps Compliance Corp. (NASDAQ: SMED)	**Common Shares**: Nil (Nil%) **Restricted Stock Awards**: 23,678 **Stock Options**: Nil

Note:

(1) Percentages based on 139,883,938 Common Shares issued and outstanding as of the Effective Date, representing 109,378,169 Common Shares and 76,264.42 Proportionate Voting Shares issued and outstanding, and assuming the conversion of Proportionate Voting Shares into Common Shares on the basis of 400 Common Shares for one Proportionate Voting Share. Securities beneficially owned, directly or indirectly, or over which control or direction is exercised, as of the Effective Date, based upon information furnished to the Company by the above individuals.

Majority Voting for Directors

The Board has adopted a majority voting policy. Pursuant to this policy, if a nominee for election as director receives "for" votes fewer than a majority of the votes (50% + 1 vote) cast with respect to his or her election by Shareholders, he or she must immediately tender his or her resignation to the Board following the meeting of Shareholders at which the election is held. Upon receiving such resignation, the Corporate Governance and Nominating Committee (the "**CG&N Committee**") will consider it and make a recommendation to the Board on whether or not to accept the resignation. The Board shall accept the resignation unless it determines that the applicable director shall continue and announce its decision in a press release promptly within 90 days following the meeting of Shareholders. If the Board determines not to accept a resignation, the press release must fully state the reasons for that decision. The resignation will be effective when accepted by the Board. The director who tendered his or her resignation is not permitted to be a part of any deliberations of the CG&N Committee or of the Board pertaining to the resignation offer. The policy only applies in circumstances involving an uncontested election of directors.

Cease Trade Orders or Bankruptcies

To the best of the Company's knowledge, no proposed director is, as at the Effective Date, or has been within the 10 years before the Effective Date, a director or executive officer of any company (including Charlotte's Web), that:

(a) was subject to: (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as described below, no proposed director is, as at the Effective Date, or has been within 10 years before the Effective Date, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Jean Birch was a director of Cosi, Inc. prior to and through its Chapter 11 bankruptcy process in 2016. Cosi, Inc. subsequently emerged as a reorganized private company.

Personal Bankruptcies

No proposed director has, within 10 years before the Effective Date, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

Penalties and Sanctions

To the best of the Company's knowledge, no proposed director has, as at the Effective Date, been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director, other than a settlement agreement entered into before December 31, 2000 that would likely not be important to a reasonable securityholder in deciding whether to vote for a proposed director.

ITEM 4. APPOINTMENT OF AUDITOR

Ernst & Young LLP are the current auditors of the Company and were appointed on September 7, 2019. Management proposes that Ernst & Young LLP be appointed as auditors of the Company to hold office until the earlier of the next annual meeting of Shareholders or their removal by the Company, at a remuneration to be fixed by the Board. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote the proxies in favor of an ordinary resolution appointing Ernst & Young LLP as auditor of the Company and to authorize the Board to fix the remuneration of Ernst & Young LLP.**

ITEM 5. APPROVAL OF AMENDED LONG TERM INCENTIVE PLAN

On April 29, 2021, the Board approved certain amendments to the Company's existing long term incentive plan (the "**LTIP**") resulting in the amended long term incentive plan (the "**Amended LTIP**"). A summary of the material differences between the Amended LTIP and the LTIP is set forth below. Additional details about the Amended LTIP are provided in this Circular under the heading "*Statement of Executive Compensation – Elements of Compensation – Long Term Incentives - Long Term Incentive Plan and Amended Long Term Incentive Plan*". The summary information is qualified in its entirety by the full text of the Amended LTIP, which is attached hereto as Appendix B.

1. **Number of Shares Available for Awards**. The LTIP provided for a fixed limit of 13,500,000 Common Shares reserved and available for issuance pursuant to awards granted under the LTIP. The Amended LTIP provides that the total number of Common Shares reserved and available for issuance pursuant to awards granted under the Amended LTIP ("**Awards**") shall not exceed the number of Common Shares equal to ten percent (10%) of the total issued and outstanding Common Shares from time to time (assuming the conversion of the outstanding Proportionate Voting Shares into Common Shares) less any Common Shares that are issuable pursuant to the Legacy Option Plan (as defined below) (the "**Share Pool**"). Without duplication, for the purposes of compliance with certain United States securities laws, the Share Pool shall, unless otherwise determined by the Board or the Administrator (as defined in the Amended LTIP), be considered to be increased annually on the first day of each fiscal year of the Company, commencing with its 2022 fiscal year, by a number equal to 10% of the increase during the preceding fiscal year in the number of Common Shares outstanding (assuming the conversion of the outstanding Proportionate Voting Shares into Common Shares), as measured from the first to the last date of such fiscal year. For the avoidance of doubt, any Common Shares (assuming the conversion of the outstanding Proportionate Voting Shares into Common Shares) which become outstanding during the applicable preceding fiscal year, including any Common Shares that are issued pursuant to Awards granted under the Plan, shall be included in calculating any such increase to the Share Pool.

2. **Per-Person Limitations**. The following per-person limitations have been added in the Amended LTIP: (a) the aggregate number of Common Shares that may be reserved for issuance pursuant to the exercise of Awards granted to individuals who are members of the Board but who are not otherwise an employee or consultant of the Company or an affiliate of the Company ("**Non-Employee Directors**") pursuant to the Amended LTIP shall not exceed 1.0% of the issued and outstanding Common Shares (on a non-diluted basis, but assuming the conversion of the outstanding Proportionate Voting Shares into Common Shares) from time to time; (b) the equity value of stock options granted to a Non-Employee Director, within a one year period, pursuant to the Amended LTIP shall not exceed C$100,000; and (c) the aggregate equity value of all Awards, that are eligible to be settled in Common Shares granted to a Non-Employee Director, within a one year period, pursuant to all security-based compensation arrangements of the Company (including, for greater certainty, the Amended LTIP) shall not exceed C$150,000.

3. **Amendment and Discontinuance of LTIP**. The LTIP provided that no amendment of the LTIP may be made without the approval of the Company's Shareholders to the extent such amendment would (i) materially increase the benefits accruing to participants under the LTIP, (ii) materially increase the number of Shares which may be issued under the LTIP or to a participant, (iii) materially expand the eligibility for participation in the LTIP, (iv) eliminate or modify the prohibition on repricing of stock options and stock appreciation rights, (v) lengthen the maximum term or lower the minimum exercise price or base price permitted for stock options and stock appreciation rights, or (vi) modify the prohibition on the issuance of reload or replenishment options. Under the amendment provisions of the Amended LTIP, no amendment of the Amended LTIP may be made without the approval of the Company's Shareholders to the extent such amendment would (i) increase in the maximum number of Common Shares that may be made the subject of Awards under the Amended LTIP; (ii) increase the limits on Awards that may be granted to any

participant; (iii) permit Awards granted under the Amended LTIP to be transferable or assignable other than by will, the laws of descent and distribution or in settlement of marital property rights; (iv) add to the categories of persons eligible to participate in the Amended LTIP; (v) eliminate or modify the prohibition on repricing of stock options and stock appreciation rights, (vi) extend the term of an outstanding stock option or stock appreciation right beyond the expiry date thereof; (vii) modify the prohibition on the issuance of reload or replenishment options; or (viii) revise the amending provisions of the Amended LTIP.

At the Meeting, the Shareholders will be asked to consider, and, if deemed advisable, to approve, an ordinary resolution (the full text of which is set forth in Appendix A) to ratify, confirm and approve the Amended LTIP (the "**LTIP Amendment Resolution**"). **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the approval of the LTIP Amendment Resolution**.

ITEM 6. OTHER BUSINESS

The officers and directors of the Company are not aware of any matters, other than those indicated above, which may be submitted to the Meeting for action. **However, if any other matters should properly be brought before the Meeting, the enclosed proxy confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the Meeting.**

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as set forth herein, management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors, of any person or company who has been: (a) a director or executive officer of the Company at any time since the beginning of the Company's last financial year; (b) any proposed nominee for election as a director of the Company; or (c) any associate or affiliate of any of the foregoing persons.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The following discussion describes the significant elements of the compensation of the Company's Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and three most highly compensated executive officers (collectively, the "**NEOs**"). As at December 31, 2020, the NEOs of the Company were Adrienne Elsner (Chief Executive Officer), Russell Hammer (Chief Financial Officer), Tony True (Chief Customer Officer), Paul Lanham (Chief Data, IT and Ecommerce Officer), and Jared Stanley (Chief Cultivation Officer).

The Company operates in a dynamic and rapidly evolving market. To succeed in this environment and to achieve its business and financial objectives, the Company needs to attract, retain and motivate a highly talented team of executive officers. The Company expects its team to possess and demonstrate strong leadership and management capabilities, as well as foster the Company's culture, which is at the foundation of its success and remains a pivotal part of the Company's everyday operations.

The Company offers executive officers cash compensation in the form of base salary and an annual bonus, and equity-based compensation which was historically awarded in the form of stock options under the Legacy Option Plan (discussed below) and, since the Company's initial public offering in 2018 (the "**IPO**"), has been awarded in the form of security-based compensation awards under the Company's LTIP. See "*Elements of Compensation – Long Term Incentive Plan*" below.

The Company believes security-based compensation awards, such as stock options and restricted stock awards, motivate its executive officers to achieve the Company's business and financial objectives, and also align their interests with the long-term interests of the Company's Shareholders. The Company provides base salary to compensate employees for their day-to-day responsibilities, at levels it believes are necessary to attract and retain strong executive officer talent.

While the Company has determined its current executive officer compensation program is effective at attracting and maintaining executive officer talent, it evaluates its compensation practices on an ongoing basis to ensure that it is providing market-competitive compensation opportunities for its executive team. As part of this review process, the Company expects to be guided by the philosophy and objectives outlined above, as well as other factors which may become relevant, including the ability to attract and retain key employees and to adapt to growth and other changes in its business and industry.

Role and Composition of the Compensation Committee

The Compensation Committee of the Board (the "**Compensation Committee**") assists the Board in fulfilling its responsibilities in respect of compensation matters. The responsibilities of the Compensation Committee include reviewing and making recommendations to the Board in respect of the compensation matters relating to the Company's executive officers, employees and directors, including the NEOs. As at the year ended December 31, 2020, the Compensation Committee was composed of Ms. Birch (Chair), Mr. Held and Mr. Tortoroli, each of whom was independent within the meaning of applicable Canadian securities legislation. Following the Meeting, the composition of the Compensation Committee is expected to remain consistent. The biographical summaries of the Compensation Committee members are included under the section "*Particulars of the Matters to be Acted Upon - Item 3. Election of Directors*" above. Each of the current and proposed Compensation Committee members has experience in the area of compensation and executive compensation, having held senior executive positions in large organizations and, through those positions, have substantial experience in matters of executive compensation. For more information on the Compensation Committee, see "*Disclosure of Corporate Governance Practices - Compensation Committee*" below.

The responsibilities of the Compensation Committee in respect of compensation matters include reviewing and recommending to the Board the compensation policies and guidelines for supervisory management and personnel, corporate benefits, bonuses and other incentives, recommend corporate goals and objectives relevant to CEO compensation, non-CEO officer and director compensation, succession plans for officers and for key employees, and material changes and trends in human resources policy, procedure, compensation and benefits.

The Compensation Committee has unrestricted access to the Company's personnel and documents and is provided with the resources necessary, including, as required, the engagement and compensation of outside advisors, to carry out its responsibilities.

During the year ended December 31, 2020, the Compensation Committee engaged Semler Brossy to undertake a review of the Company's current compensation scheme and put forward appropriate recommendations based on industry peers and best practices. This review was conducted during 2020, with recommendations provided to the Compensation Committee at that time. Fees paid to Semler Brossy in 2020, as approved by the Compensation Committee, were US$113,240. As a result of this review, the Company made adjustments to its annual and long-term incentive programs for 2021. The Compensation Committee will continue to periodically review the company's remuneration policies, with a goal to ensuring the Company's compensation program and offering is effective and competitive, and is aligned with the above-noted principles. Semler Brossy was originally retained by the Company on November 2, 2018. The following table sets forth information concerning the fees paid to Semler Brossy for the periods presented:

Financial Year Ending	Executive Compensation Related Fees (US$)(1)	All Other Fees (US$)(2)
December 31, 2020	113,240	Nil
December 31, 2019	120,826	Nil
December 31, 2018	23,237	Nil

Notes:
(1) "**Executive Compensation Related Fees**" means the aggregate fees billed by Semler Brossy, or any of its affiliates, for services related to determining compensation for any of the Company's directors and executive officers.
(2) "**All Other Fees**" means the aggregate fees billed by Semler Brossy, or any of its affiliates, for all other services that are not included under "Executive Compensation Related Fees".

Compensation Principles and Objectives

The Company's compensation program supports its commitment to deliver strong performance for its Shareholders. The compensation policies are designed to attract, recruit and retain quality and experienced people. In addition, the compensation program is intended to create an alignment of interests between the Company's executive officers and other employees with the long term interests of the Company's Shareholders to ultimately enhance share value. In this way, a significant portion of each executive's compensation is linked to maximizing long term Shareholder value.

At the same time, the Compensation Committee also recognizes that the executive compensation program must be sufficiently flexible in order to adapt to unexpected developments in the cannabidiol ("**CBD**") wellness products market and the impact of internal and market-related occurrences from time to time and, as such, the Compensation Committee will be given the discretion to award compensation absent attainment of specific performance goals and to increase or reduce the size of any such payouts in alignment with the overall pay-for-performance philosophy.

The compensation program supports the Company's long-term growth strategy and is designed to accomplish the following objectives:

- align executive compensation with corporate performance and appropriate peer group comparisons;
- produce long-term, positive results for Shareholders;
- provide market competitive compensation and benefits to attract and retain highly qualified management; and
- provide incentives that encourage superior corporate performance to support the Company's overall business strategy and objectives.

The Compensation Committee has adopted a compensation program that covers the following key elements: (i) a base fixed amount of salary and benefits; (ii) a performance-based cash bonus; and (iii) awards granted under the LTIP.

The Company has reviewed the public disclosure available for other comparable cannabis and CBD wellness product companies, as well as similarly sized companies in related industries such as other wellness and consumer product companies to assist in determining the competitiveness of base salary, bonuses, benefits and equity-based compensation paid to each of the executive officers of the Company. In particular, the Company has selected the following peer group to be used in 2020: Aphria Inc., Aurora Cannabis Inc., CannTrust Holdings, Canopy Growth Corporation, CV Sciences Inc., Jamieson Wellness Inc., LifeVantage Corporation, MGP Ingredients, Inc., Nature’s Sunshine Products, Inc., Natural Grocers by Vitamin Cottage, Inc., The Simply Good Foods Company, The Boston Beer Company, Inc., Turning Point Brands, and USANA Health Sciences, Inc.

The Company believes the aforementioned peer group list is comprised of companies that have business characteristics in common with the Company, are appropriate representations of the size and scale of our executives' responsibilities, and that would compete for similar executive talent and as such, provides a good basis for assessing the competitiveness of the Company's compensation.

Compensation Review Process

The CEO of the Company provides recommendations to the Compensation Committee regarding salary adjustments, performance-based or discretionary bonuses, and security-based award grants for all of the Company's executive employees, including the NEOs. The focus of the CEO's and Compensation Committee's review is on the individual executive salaries, performance-based bonus opportunity, and security-based award grants (including consideration of previous grants), with a review of the aggregate level of salary, performance-based bonus, and security-based award grants for the balance of the staff. The Compensation Committee makes specific recommendations to the Board for the salary, bonus and security-based award grants to be provided to the CEO, as well as for the salaries, bonuses and security-based award grants to be provided to all other executive officers. The Board or Compensation Committee reviews all recommendations of the Compensation Committee before final approval. Any executive or director who is also an officer is excused from the directors' meeting during any discussion of their compensation.

Risks Relating to the Company's Compensation Program

While the Compensation Committee does not formally consider the implications of the risks associated with the Company's compensation policies and practices, the Compensation Committee takes into consideration the various components of the Company's compensation program when assessing whether the program supports the Company's principles and objectives and reviews the Company's compensation policies on a regular basis. The Compensation Committee also considers the implication of the risks associated with the Company's compensation program, including: (i) the risk of executive officers taking inappropriate or excessive risks; (ii) the risk of inappropriate focus on achieving short term goals at the expense of long term return to Shareholders; (iii) the risk of encouraging aggressive accounting practices; and (iv) the risk of excessive focus on financial returns and operational goals at the expense of regulatory, environmental and health and safety considerations.

While the Company recognizes that no compensation program can fully mitigate these risks, the Compensation Committee and Board believe that many of these risks are mitigated by: (i) ensuring incentives tied to share ownership and vesting are weighted to span a number of years; (ii) avoiding narrowly focused performance goals which may encourage loss of focus on providing long term Shareholder return; (iii) retaining adequate discretion over the application and implementation of the compensation program to insure that the Compensation Committee and Board retain their business judgment in assessing actual performance; (iv) awarding a significant portion of long-term incentive compensation in the form of security-based awards which provide a direct link between corporate performance and the level of payout received; and (v) imposing restrictions on the ability of executives to participate in transactions that are designed to hedge or offset a decrease in market value of securities of the Company.

Incentive Plan Design

The ability of the Compensation Committee to consider factors such as personal contributions to corporate performance and non-financial based elements of corporate performance allows the Compensation Committee to consider whether executive officers have attempted to bolster short-term results at the expense of the long-term success of the Company in determining executive compensation. The incentive programs consist of a balance between annual focus through the bonus program and long-term focus through the LTIP. In addition, as the compensation program consists of fixed (base salary) and variable (performance-based bonuses, LTIP) elements, the incentive for short-term risk taking is balanced with the incentive to focus on generating long-term sustainable value for Shareholders. There are no compensation policies and practices that are structured significantly different for any NEOs. The Compensation Committee and Board will continue to monitor compensation risk assessment practices on an ongoing basis to ensure that the Company's compensation program is appropriately structured.

Elements of Compensation

The compensation of the Company's executive officers includes three major components: (i) a base fixed amount of salary and benefits; (ii) a performance-based cash bonus; and (iii) long-term equity incentives granted from time to time under the LTIP. Perquisites and personal benefits are not a significant element of compensation of the Company's executive officers.

The compensation paid to the NEOs for the year ended December 31, 2020 is summarized below under the heading "*Summary Compensation Table of NEOs*".

Base Salary

The objective of base salary compensation is to reward and retain NEOs. In setting base compensation levels, consideration is given to factors such as level of responsibility, experience, expertise and impact on the long-term success of the Company's business. Subjective factors such as leadership, commitment and performance are also considered. The goal of the Company is to pay base salary compensation to retain the NEOs in the range of industry peers, while maintaining the overall goal that total compensation should include variable and long-term components as well.

Cash Bonus

The Compensation Committee considers performance of individual executive officers in setting annual bonus amounts. Consideration is given to factors such as management, leadership and performance, among others. The

Company uses the payment of annual bonuses to incentivize strong performance and achievement of the Company's goals and business plans. For the year ended December 31, 2020, the Committee approved a performance-based bonus program based on Company financial results and individual objectives. For 2020, the Company financial results metrics were based on Company revenue targets (35% weighting), EBITDA targets (25% weighting), ending cash targets (15% weighting) and a discretionary amount (25% weighting).

Long Term Incentives

Legacy Option Plan and Founder Options

The Company's subsidiary, Charlotte's Web, Inc. (formerly CWB Holdings, Inc. and referred to herein as "**CWB**") previously granted to directors, officers, employees and consultants certain stock options under an option plan (the "**Legacy Option Plan**"). In connection with the Company's IPO and the reorganization completed in connection therewith (the "**Reorganization**"), the Legacy Option Plan, and all outstanding stock options thereunder, were assumed by the Company. The Company amended the Legacy Option Plan to provide for the existing stock options outstanding under the Legacy Option Plan to be exercisable in accordance with the terms of the existing Legacy Option Plan for Proportionate Voting Shares following the Reorganization with applicable adjustments to the exercise price thereof and number of options exercisable to reflect the Reorganization.

No stock options were granted under the Legacy Option Plan during the year ended December 31, 2020 and no further stock options will be granted under the Legacy Option Plan. The Legacy Option Plan will be terminated when all stock options thereunder have been exercised or have expired.

Prior to giving effect to the Reorganization, 892,192 options to acquire common shares of CWB were issued and outstanding under the Legacy Option Plan (following the Reorganization, these options were equivalent to options to purchase 20,074.47 Proportionate Voting Shares, or the equivalent of 8,029,788 Common Shares upon conversion). Options under the Legacy Option Plan had been granted to directors, officer, employees and consultants of CWB. In addition, CWB issued 576,429 founder options to acquire 576,429 common shares of CWB (following the Reorganization, these options were equivalent to options to purchase 12,969.76 Proportionate Voting Shares, or the equivalent of 5,187,904 Common Shares upon conversion).

As of the Effective Date, there were options outstanding under the Legacy Option Plan exercisable to purchase the equivalent of 1,300,012 Common Shares (representing 0.93% of the issued and outstanding Common Shares assuming conversion of all Proportionate Voting Shares). As of the Effective Date, no founder options remain outstanding.

Long Term Incentive Plan and Amended Long Term Incentive Plan

The Shareholders and Board previously approved the LTIP. On April 29, 2021, the Board approved the Amended LTIP that will be effective upon receipt of shareholder approval at the Meeting. For additional information on the amendments to the LTIP as reflected in the Amended LTIP, see "*Particulars of the Matters to be Acted Upon - Item 5. Approval of Amended LTIP*". In this section, the term "LTIP" refers to the LTIP, as amended by the Amended LTIP.

Pursuant to the LTIP, the Company may issue equity-based compensation in the form of stock options, stock appreciation rights, unrestricted shares or restricted shares, deferred share units, restricted stock awards, restricted stock units, performance shares, performance units, and other stock-based awards to eligible participants. The purpose of the LTIP is to enable the Company and certain of its affiliates to obtain and retain the services of these individuals, which is essential to the Company's long-term success.

The granting of awards under the LTIP ("**Grants**") is intended to promote the long-term financial interests and growth of the Company and its subsidiaries by attracting and retaining management and other personnel and key service providers with the training, experience and ability to enable them to make a substantial contribution to the success of the Company's business. Moreover, the LTIP aims to align the interests of eligible participants with those of the Shareholders through opportunities of increased equity-based ownership in the Company.

The maximization of Shareholder value is encouraged by the granting of incentives under the LTIP. The objective of the LTIP is to reward and retain NEOs. The program is designed to reward NEOs for maximizing Shareholder value in a regulatory compliant and ethical manner. Increasing the value of Common Shares increases the value of the stock options. This incentive closely links the interests of the officers and directors to Shareholders of the Company and encourages a long-term commitment to the Company.

Eligible participants under the plan include directors, officers (including the NEOs), employees and consultants of the Company and its subsidiaries. The LTIP will be administered by the Board or a committee thereof appointed by the Board.

The following discussion is qualified in its entirety by the text of the LTIP, which is attached as Appendix B to this Circular.

The terms and conditions attaching to the Grants will be determined by the Compensation Committee, or such other committee(s) or officer(s) duly appointed by the Board or the Compensation Committee, in its sole discretion, and will be set forth in grant agreements. The Board will have the power and discretionary authority to determine the terms and conditions of the Grants, including, without limitation, (i) the purchase price of any Shares, (ii) the method of payment for Shares purchased pursuant to any award, (iii) the method for satisfying any tax withholding obligation arising in connection with any ward, including by the withholding or delivery of Shares, (iv) the timing, terms and conditions of the exercisability, vesting or payout of any award or any Shares acquired pursuant thereto, (v) the performance criteria applicable to any award and the extent to which such performance criteria have been attained, (vi) the time of the expiration of any award, (vii) the effect of the participant's termination of service on any of the foregoing, and (viii) all other terms, conditions and restrictions applicable to any award or shares acquired pursuant thereto as the Board shall consider to be appropriate and not inconsistent with the terms of the Plan. Generally, the term of each Grant will be ten years, unless the Board or the Compensation Committee determines otherwise.

Participants will be required to pay any withholding tax obligations to the Company or its affiliate.

The Company currently has options and restricted stock awards outstanding under the LTIP.

- **Options:** The exercise price of any options shall be determined by the Board, subject to Toronto Stock Exchange ("**TSX**") approval (if required), at the time such options are granted. In no event shall such exercise price be lower than the greater of the closing market prices of the underlying securities on: (a) the trading day prior to the date of grant of the options, and (b) the date of grant of the options. Subject to any vesting restrictions imposed by the TSX, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist. The terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Company must post notice of the cancellation and shall not grant new options to the same person until 30 days have elapsed from the date of cancellation. Generally, options granted under the LTIP vest evenly over four years on an annual basis from the grant date.

- **Restricted Stock Awards ("RSAs"):** Each restricted stock award granted under the LTIP entitles the participant to receive, subject to the provisions of the LTIP and the award agreement, Common Shares, subject to certain transferability and other restrictions, and to a risk of forfeiture. The specific terms of any restricted stock award grants will be subject to determination by the Compensation Committee, including the consideration payable, if any, vesting terms and any performance criteria to be satisfied. Generally, restricted stock awards granted under the LTIP vest evenly over four years on an annual basis from the grant date.

Subject to adjustment provisions as provided in the LTIP, the total number of Common Shares reserved and available for issuance pursuant to Awards granted under the Amended LTIP shall not exceed the number of Common Shares equal to ten percent (10%) of the total issued and outstanding Common Shares from time to time (assuming the conversion of the outstanding Proportionate Voting Shares into Common Shares) less any Common Shares that are issuable pursuant to the Legacy Option Plan. At the discretion of the Board, Grants may be awarded using the applicable Proportionate Voting Share equivalent on the basis of one Proportionate Voting Share for every 400 Common Shares which are the subject of the applicable Grant. Without duplication, for the purposes of compliance with certain United States securities laws, the Share Pool shall, unless otherwise determined by the Board or the Administrator (as defined in the Amended LTIP), be considered to be increased annually on the first day of each fiscal year of the Company, commencing with its 2022 fiscal year, by a number equal to 10% of the increase during the preceding fiscal year in the number of Common Shares outstanding (assuming the conversion of the outstanding Proportionate Voting Shares into Common Shares), as measured from the first to the last date of such fiscal year. For the avoidance of doubt, any Common Shares (assuming the conversion of the outstanding

Proportionate Voting Shares into Common Shares) which become outstanding during the applicable preceding fiscal year, including any Common Shares that are issued pursuant to Awards granted under the Plan, shall be included in calculating any such increase to the Share Pool.

The aggregate number of Common Shares that may be issued pursuant to the exercise of awards granted under the LTIP, and all other security based compensation arrangements of the Company (as such term is defined in the policies of the TSX) is subject to the following additional limitations: (i) no more than 10% of the issued and outstanding Common Shares (on a non-diluted basis, and assuming the conversion of all Proportionate Voting Shares to Common Shares) may be reserved at any time for insiders (as defined in the *Securities Act* (Ontario), "**Insiders**")), together with all other security based compensation arrangements of the Company; and (ii) the number of securities of the company issued to Insiders within any one-year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares (assuming the conversion of all Proportionate Voting Shares to Common Shares). No one participant shall be granted awards under the LTIP which exceed, in the aggregate, the maximum number permitted by the TSX.

The following additional per-person limitations apply to LTIP: (i) the aggregate number of Common Shares that may be reserved for issuance pursuant to the exercise of Awards granted to Non-Employee Directors pursuant to the LTIP shall not exceed 1.0% of the issued and outstanding Common Shares (on a non-diluted basis, but assuming the conversion of the outstanding Proportionate Voting Shares into Common Shares) from time to time; (ii) the equity value of stock options granted to a Non-Employee Director, within a one year period, pursuant to the LTIP shall not exceed C$100,000; and (iii) the aggregate equity value of all Awards, that are eligible to be settled in Common Shares granted to a Non-Employee Director, within a one year period, pursuant to all security-based compensation arrangements of the Company (including, for greater certainty, the LTIP) shall not exceed C$150,000.

Unless otherwise determined by the Board, no awards granted under the LTIP shall be transferable by a participant other than by will or the laws of descent and distribution. Subject to applicable laws, the Board may permit an award, other than an option or tandem stock appreciation right granted with respect to an option, to a participant's family member as a gift or pursuant to a domestic relations order in settlement of marital property rights.

The Board or the Compensation Committee may, without Shareholder approval, amend, alter or discontinue the LTIP, but no amendment, alteration or discontinuation may be made which would materially impair the rights of a participant with respect to a previously granted award without such participant's consent, except such an amendment made to comply with applicable law or rule of any securities exchange or market on which the Common Shares are listed or admitted for trading or to prevent adverse tax or accounting consequences to the Company or the participant. No amendment of the LTIP may be made without the approval of the Company's Shareholders to the extent such amendment would (i) increase in the maximum number of Common Shares that may be made the subject of Awards under the LTIP; (ii) increase the limits on Awards that may be granted to any participant; (iii) permit Awards granted under the LTIP to be transferable or assignable other than by will, the laws of descent and distribution or in settlement of marital property rights; (iv) add to the categories of persons eligible to participate in the LTIP; (v) eliminate or modify the prohibition on repricing of stock options and stock appreciation rights, (vi) extend the term of an outstanding stock option or stock appreciation right beyond the expiry date thereof; (vii) modify the prohibition on the issuance of reload or replenishment options; or (viii) revise the amending provisions of the LTIP.

In the event of the termination of a participant’s employment or consultancy with, or performance of services for, the Company or its subsidiaries, unless a participant's award agreement states otherwise, to the extent stock options, stock appreciate rights, restricted stock, and restricted stock units are not vested and exercisable, such awards will be forfeited upon such termination of service. Temporary absences from employment because of illness, vacation or leave of absence and transfers among the Company and its subsidiaries shall not be considered terminations of service. In the event that any transaction resulting in a change in control occurs, outstanding awards will terminate upon the effective time of such change in control unless provision is made in connection with the transaction for the continuation or assumption of such awards by, or for the issuance therefor of substitute awards of, the surviving or successor entity or a parent thereof. Subject to the provisions of the LTIP, certain awards that terminate at the effective time of the change of control shall become fully vested and exercisable immediately before such effective time.

As of the Effective Date, the Company has options outstanding under the LTIP to acquire an aggregate of 2,292,059 Common Shares (representing 1.64% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares) and restricted stock awards outstanding for an aggregate of 929,554 Common Shares (representing 0.66% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares).

Together, as of the Effective Date, there are the equivalent of 4,521,625 Common Shares reserved for issuance pursuant to the options outstanding under the Legacy Option Plan and the options and restricted stock awards outstanding under the LTIP (including the Replacement Options, as defined below), representing 3.23% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares.

As of the Effective Date, the number of Common Shares remaining available for issuance pursuant to new Grants under the LTIP is 2,204,522 Common Shares (representing 1.58% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares).

Abacus Convertible Securities

On June 11, 2020, the Company completed the acquisition of Abacus Health Products, Inc. by way of plan of arrangement under the *Business Corporations Act* (Ontario) (the "**Arrangement**"). Pursuant to the Arrangement, the Company acquired all the issued and outstanding subordinate voting shares of Abacus (the "**Abacus Shares**"). All the outstanding proportionate voting shares of Abacus were converted into Abacus Shares prior to closing of the Arrangement. Pursuant to the Arrangement, holders of Abacus Shares received 0.85 (the "**Exchange Ratio**") of a Common Share for each Abacus Share held at the time of closing.

On close of the Arrangement, each Abacus stock option outstanding immediately prior to closing of the Arrangement was exchanged for a stock option of Charlotte's Web (the "**Replacement Options**") that entitles the holder to acquire Common Shares in lieu of Abacus Shares, subject to adjustment in number and exercise price to give effect to the Exchange Ratio. In addition, each Abacus stock appreciation right outstanding immediately prior to closing of the Arrangement was exchanged for a stock appreciation right of Charlotte's Web (the "**Replacement SARs**") that entitles the holder to receive, upon vesting and exercise, the cash value of Common Shares in lieu of Abacus Shares, subject to adjustment in number to give effect to the Exchange Ratio. The term to expiry, conditions to and manner of exercise and other terms and conditions of each of the Replacement Options and Replacement SARs shall be the same terms and conditions of the Abacus securities for which they were exchanged, except that such Replacement Options and Replacement SARs shall be governed by the terms and conditions of the LTIP.

As of the Effective Date, there are Replacement Options outstanding exercisable to purchase an aggregate of 455,328 Common Shares and Replacement SARs outstanding of 85,647.

Employee Share Purchase Plan

During the financial year ended December 31, 2019, the Board and Shareholders approved an employee share purchase plan (the "**Original ESPP**") whereby eligible employees can purchase Common Shares. No Common Shares were purchased under the Original ESPP. The Original ESPP was amended and restated in June 2020 (the "**Amended ESPP**") to provide for certain changes to administrative elements of the plan. The purchase price for which eligible employees may purchase Common Shares is 85% of the fair market value of the Common Shares, as determined in accordance with the Amended ESPP. Employees (other than member of the Company's executive leadership team) may contribute up to a maximum of 15% of their base salary. Member of the Company's executive leadership team may contribute up to a maximum of 10% of their base salary. The Common Shares will be acquired on behalf of participating employees from Common Shares listed and posted for trading on the TSX.

Burn Rate

The Company's annual burn rate, as described in Section 613(d) of the TSX Company Manual, for the LTIP and Legacy Option Plan is as follows:

Security-Based Compensation Arrangement	Fiscal 2018[(1)] (%)	Fiscal 2019[(2)] (%)	Fiscal 2020[(3)] (%)
LTIP	0.07	0.63	1.14
Legacy Option Plan	2.95	0.00	0.00

Notes:

(1) Calculated using the basic weighted average number of Common Shares outstanding during the year ended December 31, 2018. Using the fully diluted weighted average number of Common Shares outstanding during the year ended December 31, 2018, the burn rate for the LTIP is 0.06% and for the Legacy Option Plan is 2.60%.

(2) Calculated using the basic weighted average number of Common Shares outstanding during the year ended December 31, 2019. Using the fully diluted weighted average number of Common Shares outstanding during the year ended December 31, 2019, the burn rate for the LTIP is 0.63% and for the Legacy Option Plan is 0.0%.

(3) Calculated using the basic weighted average number of Common Shares outstanding during the year ended December 31, 2020. Using the fully diluted weighted average number of Common Shares outstanding during the year ended December 31, 2020, the burn rate for the LTIP is 1.14% and for the Legacy Option Plan is 0.0%.

Clawback Policy

The Company has implemented a formal recoupment or "clawback" policy on the incentive compensation of its Chief Executive Officer and Chief Financial Officer, including, without limitation, options and restricted stock awards that may be awarded to the Chief Executive Officer or Chief Financial Officer when (i) the executive engages in willful misconduct or fraud which causes or significantly contributes to a restatement of the Company's financial statements due to material noncompliance by the Company with any applicable financial reporting requirement under securities laws, (ii) the executive receives incentive compensation calculated on the achievement of those financial results, and (iii) the incentive compensation received would have been lower had the financial statements been properly reported. The policy provides that when a clawback is triggered, upon the recommendation of the Compensation Committee, the Board may, in its sole discretion and to the extent that it determines it is in the Company's best interests to do so, require the Chief Executive Officer and/or the Chief Financial Officer to repay the amount of incentive compensation relating to the year(s) subject to the restatement or received upon exercise or payment of incentive compensation in or following the year(s) subject to the restatement that is in excess of the incentive compensation the executive would have received if the incentive compensation had been computed in accordance with the results as restated, calculated on an after tax basis.

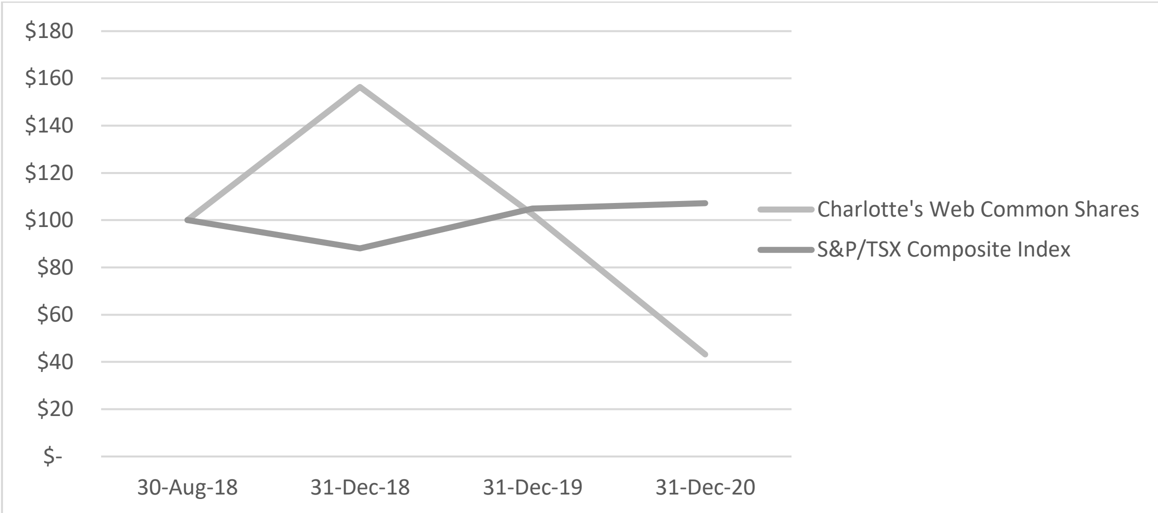
Insider Trading and Reporting Policy

All of the Company's executives, other employees and directors are subject to the Company's Insider Trading and Reporting Policy, which prohibits trading in the Company's securities while in possession of material undisclosed information about the Company. Under this policy, such individuals are also prohibited from entering into hedging transactions involving securities of the Company, such as short sales, puts and calls. Furthermore, the Company permits executives, including the NEOs, to trade in the Company's securities only during prescribed trading windows. Notwithstanding these prohibitions, the Company's directors, officers and employees are able to sell a security which such person does not own if such person owns another security convertible into the security sold or an option or right to acquire the security sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the security so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable, to the purchaser.

Performance Graph

Following the Company's IPO, the Common Shares of the Company were listed and posted for trading on the Canadian Securities Exchange ("**CSE**") under the symbol "CWEB" on August 30, 2018. As of close of market on May 30, 2019, the Common Shares were voluntarily delisted from the CSE and on May 31, 2019 as of market open, the Common Shares were listed and posted for trading on the TSX under the symbol "CWEB".

The following graph shows the cumulative common shareholder return for a holder of Common Shares since August 30, 2018, assuming that C$100 was invested in Common Shares on the first day of such period. The following graph also compares such common shareholder return against the S&P/TSX Composite Index.



The Company's cumulative shareholder return performance reflects both operational and financial performance within the Company's control as well as the impact of market factors that are beyond the Company's control.

The Company's executive compensation programs are designed to align the financial, operating and market performance of the Company, both long-term and short-term, with the compensation that the NEOs ultimately receive. The trend in the performance graph does not directly correlate to the trend of the compensation paid to the NEOs. The Company has concluded that compensation of management must be based on competitive compensation trends and the value of the services provided, including creation of infrastructure and more stable and predictable processes, which may not yield immediate results in stock price. The trading price of the Common Shares directly impacts the benefits enjoyed by the NEOs from the equity-based incentive plans.

Compensation of the Company's NEOs is determined based on a number of factors including corporate and individual considerations, as described above, and does not necessarily track the changes in the market value of the Common Shares. The Company's Compensation Committee considers appropriate measures to align the interests of employees with the interests of Shareholders, whether by linking a component of compensation to the performance of the Common Shares or by rewarding activities and success through the base salary, the vesting of awards that remain outstanding and the potential for a discretionary bonus.

Summary Compensation Table of NEOs

The following table sets forth all annual and long-term compensation for the financial years ended December 31, 2020, 2019 and 2018 for services in all capacities to the Company and its subsidiaries, if any, in respect of individuals who were considered NEOs during the financial year ended December 31, 2020.

Summary Compensation Table

					Non-Equity Incentive Plan Compensation (US$)				
Name and Principal Position	**Year Ended December 31**	**Salary (US$)**	**Share-Based Awards(1) (US$)**	**Option-Based Awards(2) (US$)**	**Annual Compen-sation Plans(3)**	**Long-Term Incentive Plans(4)**	**Pension Value(5) (US$)**	**All Other Compen-sation(6) (US$)**	**Total Compen-sation (US$)**
Adrienne Elsner(8) *President and CEO*	2020	625,000	390,717	1,168,569	454,999	Nil	11,400	10,547	2,661,232
	2019	379,039	1,499,863	500,000	350,000	Nil	6,490	91,228	2,826,620
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell Hammer *CFO*	2020	535,000	200,674	600,176	276,000	Nil	11,400	5,246	1,628,496
	2019	189,308	500,081	500,000	151,000	Nil	1,646	37,085	1,379,120
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name and Principal Position	Year Ended December 31	Salary (US$)	Share-Based Awards[1] (US$)	Option-Based Awards[2] (US$)	Non-Equity Incentive Plan Compensation (US$) Annual Compen-sation Plans[3]	Non-Equity Incentive Plan Compensation (US$) Long-Term Incentive Plans[4]	Pension Value[5] (US$)	All Other Compen-sation[6] (US$)	Total Compen-sation (US$)
Tony True[7]	2020	385,000	72,207	215,951	143,000	Nil	11,400	15,523	843,081
Chief Customer Officer	2019	177,692	Nil	288,276	95,000	Nil	2,221	5,396	568,585
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Paul Lanham	2020	325,000	60,950	182,297	122,850	Nil	11,000	15,960	718,057
Chief Data, IT and Ecommerce Officer	2019	137,500	Nil	500,000	100,000	Nil	1,875	30,299	769,674
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jared Stanley[8]	2020	325,000	60,950	182,297	126,450	Nil	9,750	15,960	720,407
Chief Cultivation Officer	2019	235,769	Nil	Nil	110,000	Nil	5,515	11,051	362,335
	2018	193,504	Nil	Nil	Nil	Nil	5,338	14,151	212,993

Notes:

(1) "**Share-Based Award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock. In respect of 2019, the dollar amount disclosed for: (a) the grant of 79,065 RSAs to Adrienne Elsner on April 26, 2019 is based on the closing share price at the date of grant, which was $25.53 (US$18.97); and (b) the grant of 26,671 RSAs to Russell Hammer on August 15, 2019 is based on the closing share price at the date of grant, which was $24.98 (US$18.75). In respect of 2020, the dollar amount disclosed for the following individuals is based on the closing share price at the date of grant, which was $6.76 (US$4.78) on March 26, 2020: (a) 81,740 RSAs to Adrienne Elsner; (b) 41,982 RSAs to Russell Hammer; (c) 15,106 RSAs to Tony True; (d) 12,751 RSAs to Paul Lanham; and 12,751 RSAs to Jared Stanley. This methodology was chosen in order to be consistent with industry.

(2) "**Option-Based Award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. This does not represent cash paid to the NEO. This figure is based on the grant date fair value of such options. The grant date fair value was determined in accordance with International Financial Reporting Standards. This methodology was chosen in order to be consistent with the accounting fair value used by the Company in its financial statements, and the Black-Scholes option pricing model is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation include current market price of the stock, exercise price of the option, option term, risk-free interest rate, dividend yield of stock and volatility of stock return. Calculating the value of stock options using the Black-Scholes option pricing model is very different from a simple "in-the-money" value calculation. In fact, stock options that are well out-of-the-money can still have a significant "grant date fair value" based on a Black-Scholes option pricing model, especially where, as in the case of the Company, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.

(3) Represents annual cash bonus awards for the applicable year end, notwithstanding that such amount may have been paid to the NEO during the subsequent financial year. See "*Elements of Compensation - Cash Bonus*" discussion above.

(4) The Company does not currently have any non-equity long-term incentive plans.

(5) Includes contributions made by the Company on the NEOs behalf under the 401(k) plan (as defined herein). Under the 401(k) plan, the Company makes matching contributions equal to 100% of a participating employee's 401(k) contributions of up to 3% of their base compensation plus 50% of the employee's 401(k) contributions up to the next 2% of their base compensation. See "*Pension Plan Benefits*" below.

(6) Includes Company paid health and life insurance benefits for all NEOs. Includes relocation payments for Ms. Elsner, Mr. Hammer, Mr. True, and Mr. Lanham.

(7) Mr. True became Chief Customer Officer of the Company effective July 8, 2019.

(8) Ms. Elsner and Mr. Stanley did not receive any additional compensation for serving as directors of the Company.

During the financial year ended December 31, 2020:

- Adrienne Elsner was paid an annual salary amount of US$625,000 and a bonus of US$507,813. She was granted options to acquire 337,230 Common Shares exercisable at a price of C$6.76 (US$4.78) and 81,740 RSAs.

- Russell Hammer was paid an annual salary amount of US$535,000 and a bonus of US$260,813. He was granted options to acquire 173,201 Common Shares exercisable at a price of C$6.76 (US$4.78) and 41,982 RSAs.

- Tony True was paid an annual salary amount of US$385,000 and a bonus of US$150,150. He was granted options to acquire 62,320 Common Shares exercisable at a price of C$6.76 (US$4.78) and 15,106 RSAs.

- Paul Lanham was paid an annual salary amount of US$325,000 and a bonus of US$126,750. He was granted options to acquire 52,608 Common Shares exercisable at a price of C$6.76 (US$4.78) and 12,751 RSAs.

- Jared Stanley was paid an annual salary amount of US$325,000 and a bonus of US$126,750. He was granted options to acquire 52,608 Common Shares exercisable at a price of C$6.76 (US$4.78) and 12,751 RSAs.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all share-based and option-based awards outstanding for each NEO of the Company as of the financial year ended December 31, 2020, including awards granted before the most recently completed financial year.

	OPTION-BASED AWARDS				SHARE-BASED AWARDS(1)		
Name and Title	**Number of securities underlying unexercised options (#)**	**Option exercise price (US$)**	**Option expiration date**	**Value of unexercised in-the-money options(2) (US$)**	**Number of share or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested (US$)(3)**	**Market or payout value of vested share-based awards not paid out or distributed (US$)**
Adrienne Elsner *President & CEO*	34,669 Common Shares	18.97(4)	April 26, 2029	Nil	141,039	464,018	Nil
	337,230 Common Shares	4.78(5)	Mar 26, 2030	Nil			
Russell Hammer *CFO*	35,580 Common Shares	18.75(6)	Mar 31, 2029	Nil	50,873	167,372	Nil
	173,201 Common Shares	4.78(5)	Mar 26, 2030	Nil			
Tony True *Chief Customer Officer*	22,833 Common Shares	16.85(7)	Jul 8, 2029	Nil	15,106	49,699	Nil
	62,320 Common Shares	4.78(5)	Mar 26, 2030	Nil			
Paul Lanham *Chief Data, IT and Ecommerce Officer*	44,417 Common Shares	15.27(7)	Mar 31, 2029	Nil	12,751	41,951	Nil
Jared Stanley *Chief Cultivation Officer*	52,608 Common Shares	4.78(5)	Mar 26, 2030	Nil	12,751	41,951	Nil

Notes:

(1) The Company's only share-based awards are awards (other than options) that have been granted under the LTIP.

(2) The value of the unexercised in-the-money options is calculated based on the difference between the market value of the Common Shares as at December 31, 2020 and the exercise price of the option. The Bank of Canada exchange rate on December 31, 2020 was US$1 to C$1.2732, and the closing price of the Company's Common Shares on the TSX on December 31, 2020 was C$4.19 (US$3.29).

(3) The value of the unvested share-based awards is calculated based on the closing price of the Company's Common Shares on the TSX on December 31, 2020, which was C$4.19 (US$3.29).
(4) The option was granted with an exercise price in Canadian dollars, C$25.53.
(5) The option was granted with an exercise price in Canadian dollars, C$6.76
(6) The option was granted with an exercise price in Canadian dollars, C$24.98.
(7) The option was granted with an exercise price in Canadian dollars, C$19.98.

None of the awards disclosed in the table above have been transferred at other than fair market value.

Incentive Plan Awards - Value Vested or Earned During the Year

For each NEO, the following table sets forth: (1) the value of option-based awards which vested or were earned during the financial year ended December 31, 2020, (2) the value of share-based awards which vested or were earned during the financial ended December 31, 2020; and (3) the value of non-equity incentive plan compensation earned during the year ended December 31, 2020.

Name and Title	Option-Based Awards - Value vested during the year(1) (US$)	Share-based awards - Value vested during the year(2) (US$)	Non-equity incentive plan compensation - Value earned during the year (US$)
Adrienne Elsner *President & CEO*	Nil	82,820	Nil
Russell Hammer *CFO*	Nil	65,975	Nil
Tony True *Chief Customer Officer*	Nil	Nil	Nil
Paul Lanham *Chief Data, IT and Ecommerce Officer*	Nil	Nil	Nil
Jared Stanley *Chief Cultivation Officer*	Nil	Nil	Nil

Notes:
(1) Reflects the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, calculated based on the difference between the market price of the underlying securities at exercise and the exercise price of the options on the vesting date.
(2) The Company's only share-based awards are awards (other than options) that have been granted under the LTIP.

The Company granted options to the NEOs as follows during the year ended December 31, 2020, all with an exercise price of $6.76 (US$4.78) and grant date of March 26, 2020: (i) 337,230 options to purchase Common Shares to Adrienne Elsner; (ii) 173,201 options to purchase Common Shares to Russell Hammer; (iii) 62,320 options to purchase Common Shares to Tony True; (iv) 52,608 options to purchase Common Shares to Paul Lanham; (v) 52,608 options to purchase Common Shares to Jared Stanley.

The Company granted RSAs to the NEOs as follows during the year ended December 31, 2020: (i) on March 26, 2020, 81,740 RSAs to Adrienne Elsner; (ii) on March 26, 2020, 41,982 RSAs to Russell Hammer; (iii) on March 26, 2020, 15,106 RSAs to Tony True; (iv) on March 26, 2020, 12,751 RSAs to Paul Lanham; and (v) on March 26, 2020, 12,751 RSAs to Jared Stanley.

Pension Plan Benefits

Defined Contribution Plan – Retirement Savings Plan

The Company does not have a defined benefit plan or deferred compensation plan, however the Company does have a defined contribution plan (the "**401(k) plan**" or "**401(k)**") under the provisions of the *Employment Retirement Income Security Act of 1974*, which is administered through T. Rowe Price, as plan administrator. Pursuant to the 401(k) plan, the Company provides standard safe harbor matching and discretionary matching 401(k) plan contributions to all eligible and participating employees up to certain maximum thresholds. Participating employees must make their own contributions in order to receive matching funds from the Company. All employees that are at least 21 years of age and have completed 3 months of service with the Company are eligible to make salary deferral contributions to the 401(k) plan. Participating employees of the Company who are at least 21 years of age are eligible for the Company match. The Company does not discriminate between executives and non-executives under the 401(k) plan.

The Company makes standard safe harbor matching contributions equal to 100% of a participating employee's 401(k) salary deferral contributions up to 3% of their base compensation plus 50% of the employee's 401(k) salary deferral contributions up to the next 2% of their base compensation. Employees can make additional voluntary salary deferral contributions, for total combined contributions up to the legislated government maximums. In addition, the 401(k) plan provides for discretionary matching and / or discretionary profit-sharing contributions, both allocated among eligible employees in accordance with the terms of the 401(k) plan.

Participating employees are immediately 100% vested in all employee contributions and in the safe harbor matching contribution, plus any earnings that are generated thereon. However, any discretionary matching contributions and discretionary profit-sharing contributions vest according to a schedule based on the number of years of service, as follows: 25% after one year of service; 50% after two years of service; 75% after three years of service; and 100% after four years of service and beyond.

The following table provides information for each NEO regarding the accumulated value at the start of the year, compensation earned during the year and accumulated at the end of the year under the 401(k) plan during the financial year ended December 31, 2020.

Name and Title	Accumulated value at start of year (US$)	Compensatory(1) (US$)	Accumulated value at year end(2) (US$)
Adrienne Elsner *President & CEO*	13,526	11,400	63,921
Russell Hammer *CFO*	26,709	11,400	72,676
Tony True *Chief Customer Officer*	4,953	11,400	42,209
Paul Lanham *Chief Data, IT and Ecommerce Officer*	4,173	11,000	34,158
Jared Stanley *Chief Cultivation Officer*	27,802	9,750	55,373

Notes:

(1) Includes employer contributions. Total employee contributions and gains or losses on the investments in the 401(k) plan for each individual are as follows: (i) $38,995 for Adrienne Elsner; (ii) $34,567 for Russell Hammer; (iii) $25,856 for Tony True; (iv) $18,985 for Paul Lanham; and (iv) $17,821 for Jared Stanley.

(2) Reflects accumulated aggregate value as at December 31, 2020, reflecting any gains or losses on the investments in the 401(k) plan.

During the year ended December 31, 2020, the Company paid an aggregate of US$54,950 to NEOs in standard matching.

Termination and Change of Control Benefits

The Company (and/or its subsidiary) has entered into executive employment agreements with each of the NEOs (the "**Employment Agreements**"). Each Employment Agreement provides for the NEO's annual base salary, vacation entitlement and benefits.

The Employment Agreements have effective dates, entitlements on a termination without just cause and change of control as follows:

Name	Effective Date of Employment Agreement	Termination Without Cause	Termination due to Change of Control
Adrienne Elsner	May 15, 2019	Base salary for twelve months, plus one year of bonus paid out at 100%, conditioned on signing a separation and general release, containing non-disparagement and confidentiality provisions. Vesting of any unvested stock options and unvested RSAs granted on May 15, 2019 on scheduled vesting dates per agreement.	Two years base salary, plus two years of bonus paid out at 100%, conditioned on signing a separation and general release, containing non-disparagement and confidentiality provisions. Immediate vesting of any unvested stock options and unvested RSAs granted on May 15, 2019.
Russell Hammer	August 15, 2019	Base salary for twelve months, plus one year of bonus paid out at 100%. Immediate vesting of any unvested stock options and unvested RSAs granted on August 15, 2019.	Two years base salary, plus two years of bonus paid out at 100%. Immediate vesting of any unvested stock options and unvested RSAs granted on August 15, 2019.
Tony True	July 9, 2019	None.	Immediate vesting of any unvested stock options and unvested RSAs granted on July 9, 2019.
Paul Lanham	July 16, 2019	Base salary for twelve months, conditioned on signing a release.	Base salary for twelve months, conditioned on signing a release. Immediate vesting of any unvested stock options and unvested RSAs granted on July 16, 2019.
Jared Stanley	September 1, 2018	Conditioned on employee signing a separation agreement and full and final release of claims, he will receive base salary for remaining employment period (through August 31, 2021).	Conditioned on employee signing a separation agreement and full and final release of claims, he will receive base salary for remaining employment period (through August 31, 2021).

In addition, Ms. Elsner entered into a 24-month non-competition and non-solicitation agreement with the Company, while Mr. Hammer and Mr. Lanham entered into 12-month non-competition and non-solicitation agreements with the Company.

The table below shows the incremental payments that would be made to the NEOs under the terms of their employment agreements and the security-based compensation plans upon the occurrence of certain events, if such events were to have occurred on December 31, 2020.

Name and Title	Event	Base Salary (US$)[(1)]	Options (US$)[(2)]	RSA (US$)[(3)]	Total (US$)
Adrienne Elsner *President and CEO*	Termination without cause	625,000	-	-	625,000
	Termination for cause	-	-	-	-
	Termination due to change of control	625,000	-	195,094	820,094
Russell Hammer *CFO*	Termination without cause	936,250	-	29,251	965,501
	Termination for cause	-	-	-	-
	Termination due to change of control	1,872,500	-	29,251	1,901,751
Tony True *Chief Customer Officer*	Termination without cause	-	-	-	-
	Termination for cause	-	-	-	-
	Termination due to change of control	-	-	-	-
Paul Lanham *Chief Data, IT and Ecommerce Officer*	Termination without cause	325,000	-	-	325,000
	Termination for cause	-	-	-	-
	Termination due to change of control	325,000	-	-	325,000
Jared Stanley *Chief Cultivation Officer*	Termination without cause	250,000	-	-	250,000
	Termination for cause	-	-	-	-
	Termination due to change of control	250,000	-	-	250,000

Notes:

(1) The NEO's monthly salary on December 31, 2020 multiplied by the number of months of severance to be received.

(2) This column assumes exercise of all unexercised in-the-money options, net of payment of the aggregate exercise price, and is calculated based on the difference between the market value of the Common Shares as at December 31, 2020 and the exercise price of the option. The Bank of Canada exchange rate on December 31, 2020 was US$1 to C$1.2732, and the closing price of the Company's Common Shares on the TSX on December 31, 2020 was C$4.19 (US$3.29).

(3) Calculated based on the market value of the Common Share on December 31, 2020. The Bank of Canada exchange rate on December 31, 2020 was US$1 to C$1.2732, and the closing price of the Company's Common Shares on the TSX on December 31, 2020 was C$4.19 (US$3.29).

Options and awards granted under the Legacy Option Plan and LTIP contain provisions allowing for the exercise of options following termination (other than by reason of death, disability, retirement or for cause). Under the LTIP, in the event that any transaction resulting in a change in control occurs, outstanding awards will terminate upon the effective time of such change in control unless provision is made in connection with the transaction for the continuation or assumption of such awards by, or for the issuance therefor of substitute awards of, the surviving or successor entity or a parent thereof. Subject to the provisions of the LTIP, certain awards that terminate at the effective time of the change of control shall become fully vested and exercisable immediately before such effective time.

Liability Insurance of Directors and Officers

The Company has directors' and officers' liability insurance coverage for losses to the Company if the Company is required to reimburse directors and officers, where permitted, and for direct indemnity of directors and officers where corporate reimbursement is not permitted by law. This insurance protects the Company against liability (including costs), subject to standard policy exclusions, which may be incurred by directors and/or officers acting in such capacity for the Company. All directors and officers are covered by the policy and the amount of insurance applies collectively to all. The annual cost for this insurance in 2020 was US$2,305,857.

In addition, indemnity agreements have been entered into with each director and certain executive officers pursuant to which the Company has agreed to indemnify such directors and officers from liability arising in connection with the performance of their duties. Such indemnity agreements conform to the provisions of the BCBCA.

Other Compensation

Other than as set forth herein, the Company did not pay any other compensation to NEOs (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the financial year ended December 31, 2020, other than benefits and perquisites which did not amount to C$10,000 or greater per individual.

STATEMENT OF DIRECTOR COMPENSATION

As at December 31, 2020, the Company had seven directors, three of whom are also executive officers: Adrienne Elsner (President and CEO), Joel Stanley (Chairman) and Jared Stanley (Chief Cultivation Officer). The remaining four directors are considered independent directors, namely John Held, Jacques Tortoroli, Susan Vogt and Jean Birch. Mr. Joel Stanley and Mr. Jared Stanley resigned as directors effective March 2, 2021.

The Company's Board has determined that as at December 31, 2020 and the Effective Date, a majority of the members of the Board were and are considered "independent" within the meaning of National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"). Pursuant to NI 52-110, as at December 31, 2020, Ms. Adrienne Elsner was not considered to be independent as she was the President and CEO of the Company and Messrs. Joel Stanley and Jared Stanley were not considered to be independent as they were and are employees of the Company. Mr. Tortoroli, Mr. Held, Ms. Vogt and Ms. Birch were and continue to be considered independent (the "**Outside Directors**") for the purposes of NI 52-110 and National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

Executive officers who are also directors do not receive additional compensation for their services as directors. Ms. Elsner and Messrs. Jared Stanley and Joel Stanley did not receive any additional compensation for their services as directors during the year ended December 31, 2020. For a description of the compensation paid to Adrienne Elsner and Jared Stanley, see "*Statement of Executive Compensation*" section above.

Each member of the Company's Board is entitled to reimbursement for reasonable travel and other expenses incurred in connection with attending Board meetings and meetings for any committee on which he or she serves.

Compensation of Directors

The form and amount of director compensation will be reviewed annually and as deemed advisable by the Compensation Committee, which shall make recommendations to the Board based on such review. The Compensation Committee reviews director compensation on an annual basis to ensure that the Company offers director compensation that is: (i) commensurate with the efforts we expect from existing Board members; (ii) competitive in the Company's industry in order that we might attract the best possible candidates to assist the Company and its Shareholders in a fiduciary capacity to maximize the opportunity presented by that growth; and (iii) aligned with Shareholder interests as the Company grows. The Board retains the ultimate authority to determine the form and amount of director compensation.

The chart below outlines the Company's current director compensation program for its Outside Directors:

Type of Fee	Role	Amount of Fee
Board Retainer	Board Member	US$70,000 / year
Additional Retainer	Chair	US$30,000 / year
Committee Retainer	Audit Committee Chair	US$20,000 / year
	Compensation Committee Chair	US$10,000 / year
	Governance and Nominating Committee Chair	US$10,000 / year
	Committee Member	US$5,000 / year
Restricted Stock Awards(1)	Board Member	US$75,000 / year
	Chair	US$10,000 / year

Note:

(1) RSAs granted to the outside directors vest 100% on the first anniversary of the date of grant, which occurs annual on the date of the scheduled annual general shareholder meeting (with newly appointed outside directors granted RSAs upon their appointment, pro-rated based on the number of days such appointment follows the previous annual general shareholder meeting). The RSAs automatically terminate upon the grantee ceasing to provide services to the Company, if the termination is for any reason other than death or total and permanent disability.

Directors' Summary Compensation Table

The following table sets forth all compensation provided to the Company's Outside Directors for the financial year ended December 31, 2020.

Name	Fees Earned (US$)	Share-Based Awards(1) (US$)	Option-Based Awards(2) (US$)	Non-Equity Incentive Plan Compensation(3) (US$)	Pension Value(3) (US$)	All Other Compensation(3) (US$)	Total (US$)
Jacques Tortoroli	100,625	75,000	Nil	Nil	Nil	Nil	175,625
John Held	105,121	85,000	Nil	Nil	Nil	Nil	190,121
Susan Vogt(4)	36,667	75,000	Nil	Nil	Nil	Nil	111,667
Jean Birch(5)	50,444	75,000	8,219	Nil	Nil	Nil	133,663
William West(6)	66.667	Nil	Nil	Nil	Nil	Nil	66,667
Shane Hoyne(7)	52,917	Nil	Nil	Nil	Nil	Nil	52,917

Notes:

(1) "**Share-Based Award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.

(2) "**Option-Based Award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. This does not represent cash paid to the NEO. This figure is based on the grant date fair value of such options. The grant date fair value was determined in accordance with International Financial Reporting Standards. This methodology was chosen in order to be consistent with the accounting fair value used by the Company in its financial statements and since the Black-Scholes option pricing model is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation include current market price of the stock, exercise price of the option, option term, risk-free interest rate, dividend yield of stock and volatility of stock return.

Calculating the value of stock options using the Black-Scholes option pricing model is very different from a simple "in-the-money" value calculation. In fact, stock options that are well out-of-the-money can still have a significant "grant date fair value" based on a Black-Scholes option pricing model, especially where, as in the case of the Company, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.

(3) The Company does not currently have any pension plans, pension awards or other long-term non-equity compensation for which the directors are eligible.

(4) Susan Vogt was appointed to the Board on September 3, 2020.

(5) Jean Birch was appointed to the Board on July 10, 2020.

(6) William West's term as a director expired on September 3, 2020.

(7) Shane Hoyne resigned as a director on August 31, 2020.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all share-based and option-based awards outstanding for each Outside Director of the Company as of the financial year ended December 31, 2020.

	OPTION-BASED AWARDS				SHARE-BASED AWARDS[1]		
Name and Title	Number of securities underlying unexercised options (#)	Option exercise price (US$)	Option expiration date	Value of unexercised in-the-money options[2] (US$)	Number of share or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US$)[3]	Market or payout value of vested share-based awards not paid out or distributed (US$)
Jacques Tortoroli	9,645	9.54[6]	December 31, 2026	Nil	23,678	77,901	Nil
John Held	6,320	18.47[7]	December 31, 2026	Nil	26,173	86,109	Nil
	11,100	5.37[8]	December 31, 2025	Nil			
Susan Vogt[4]	Nil	N/A	N/A	Nil	23,678	77,901	Nil
Jean Birch[5]	3,589	3.79[9]	December 31, 2026	Nil	23,678	77,907	Nil
William West[10]	Nil	N/A	N/A	Nil	Nil	Nil	Nil
Shane Hoyne[11]	Nil	N/A	N/A	Nil	Nil	Nil	Nil

Notes:

(1) The Company's only share-based awards are awards (other than options) that have been granted under the LTIP.

(2) The value of the unexercised in-the-money options is calculated based on the difference between the market value of the Common Shares as at December 31, 2020 and the exercise price of the option. The Bank of Canada exchange rate on December 31, 2020 was US$1 to C$1.2732, and the closing price of the Company's Common Shares on the TSX on December 31, 2020 was C$4.19 (US$3.29).

(3) The value of the unvested share-based awards is calculated based on the closing price of the Company's Common Shares on the TSX on December 31, 2020, which was C$4.19 (US$3.29).

(4) Susan Vogt was appointed to the Board on September 3, 2020.

(5) Jean Birch was appointed to the Board on July 10, 2020.

(6) This option was granted with an exercise price in Canadian dollars, C$12.65.

(7) This option was granted with an exercise price in Canadian dollars, C$24.61.

(8) This option was granted with an exercise price in Canadian dollars, C$7.00.

(9) This option was granted with an exercise price in Canadian dollars, C$5.15.

(10) William West's term as a director expired on September 3, 2020.

(11) Shane Hoyne resigned as a director on August 31, 2020.

None of the awards disclosed in the table above have been transferred at other than fair market value.

Incentive Plan Awards - Value Vested or Earned During the Year

For each Outside Director, the following table sets forth: (1) the value of option-based awards which vested or were earned during the financial year ended December 31, 2020, (2) the value of share-based awards which vested or were earned during the financial year ended December 31, 2020, and (3) the value of non-equity incentive plan compensation earned during the year ended December 31, 2020.

Name	Option-Based Awards - Value of in-the-money vested during the year[1] (US$)	Share-Based Awards - Value vested during the year[2] (US$)	Non-Equity Incentive Stock Option Plan Compensation - Value Earned During the Year (US$)
Jacques Tortoroli	Nil	Nil	Nil
John Held	Nil	Nil	Nil
Susan Vogt[3]	Nil	Nil	Nil
Jean Birch[4]	Nil	Nil	Nil
William West[5]	Nil	Nil	Nil
Shane Hoyne[6]	Nil	Nil	Nil

Notes:

(1) Reflects the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, calculated based on the difference between the market price of the underlying securities at exercise and the exercise price of the options on the vesting date.

(2) The Company's only share-based awards are granted under the LTIP.

(3) Susan Vogt was appointed to the Board on September 3, 2020.

(4) Jean Birch was appointed to the Board on July 10, 2020.

(5) William West's term as a director expired on September 3, 2020.

(6) Shane Hoyne resigned as a director on August 31, 2020.

Other Compensation

Other than as set forth herein, the Company did not pay any other compensation to Outside Directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the financial year ended December 31, 2020, other than benefits and perquisites which did not amount to C$10,000 or greater per individual.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth securities of the Company that are authorized for issuance under equity compensation plans as at the end of the Company's financial year ended December 31, 2020. As at December 31, 2020 and the Effective Date, the LTIP is the only compensation plan under which any Common Shares may be issued.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights[4]	Number of securities remaining available for issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)
Equity compensation plans approved by Shareholders[1][2][3]	3,786,882[5] (2.71%)	US$3.93	3,477,045 (2.49%)
Equity compensation plans not approved by Shareholders	Nil	Nil	Nil
Total	3,786,882 (2.71%)	US$3.93	3,477,045 (2.49%)

Notes:

(1) As at December 31, 2020, securities remained reserved for issuance under the Legacy Option Plan and LTIP.

(2) The LTIP reserves for issuance a maximum of 13,500,000 Common Shares (representing 9.68% of the issued and outstanding Common Shares on an as-converted basis as of December 31, 2020). The Amended LTIP provides for a total number of Common Shares reserved and available for issuance pursuant to awards granted under the Amended LTIP equal to ten percent (10%) of the total issued and outstanding Common Shares from time to time (assuming the conversion of the outstanding Proportionate Voting Shares into Common Shares) less any Common Shares that are issuable pursuant to the Legacy Option Plan.

(3) Percentages based on 107,060,237 Common Shares and 81,177.70 Proportionate Voting Shares (32,471,079 Common Share equivalent) issued and outstanding as of December 31, 2020, or 139,531,316 Common Shares on an as-converted basis.

(4) The exercise price of certain awards are in Canadian dollars and have been converted to United States dollars as of the applicable grant date.

(5) On close of the Arrangement, the Company issued Replacement Options that were exercisable to purchase an aggregate of 1,437,953 Common Shares (in lieu of Abacus Shares). As of December 31, 2020, there are Replacement Options outstanding exercisable to purchase an aggregate of 470,814 Common Shares. The weighted average exercise price of the Replacement Options outstanding as at December 31, 2020 was US$4.66. See "*Statement of Executive Compensation - Elements of Compensation - Abacus Convertible Securities*".

As of December 31, 2020, the Company had: (i) options outstanding under the Legacy Option Plan to acquire an aggregate of 1,300,012 Common Shares (representing 0.93% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares); (ii) options outstanding under the LTIP to acquire an aggregate of 1,559,381 Common Shares (representing 1.12% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares); (iii) 456,675 restricted stock awards outstanding (representing 0.33% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares); and (iv) Replacement Options outstanding to acquire an aggregate of 470,814 Common Shares (representing 0.34% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares).

As of the Effective Date, the Company had: (i) options outstanding under the Legacy Option Plan to acquire an aggregate of 1,300,012 Common Shares (representing 0.93% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares); (ii) options outstanding under the LTIP to acquire an aggregate of 2,292,059 Common Shares (representing 1.64% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares); (iii) 929,554 restricted stock awards outstanding (representing 0.66% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares); and (iv) Replacement Options outstanding to acquire an aggregate of 455,328 Common Shares (representing 0.33% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares).

As of the Effective Date, the number of Common Shares remaining available for issuance pursuant to Grants under the LTIP is 2,204,522 Common Shares (representing 1.58% of the issued and outstanding Common Shares, assuming conversion of all outstanding Proportionate Voting Shares).

MANAGEMENT CONTRACTS

During the financial year ended December 31, 2020, no management functions of the Company or its subsidiary were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Company or subsidiary.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year of the Company was, a director or executive officer of the Company, each proposed nominee for election as a director of the Company, nor each associate of any such director, executive officer or proposed nominee, is, or has been at any time since January 1, 2019, indebted to the Company or any of its subsidiaries in respect of any indebtedness that is still outstanding as at the Effective Date, nor is, or at any time since January 1, 2020 has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Company is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, proposed nominee for election as a director or any Shareholder holding more than 10% of the voting rights attached to the Shares, or any associate or affiliate of any of the foregoing, in any transaction in the preceding financial year or any proposed or ongoing transaction of the Company which has or will materially affect the Company.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

NI 58-101 requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101. The prescribed corporate governance disclosure for the Company is that contained in Form 58-101F1 which is attached to NI 58-101 (the "**Form 58-101F1 Disclosure"**).

Set out below is a description of the Company's current corporate governance practices, relative to the Form 58-101F1 Disclosure.

Board of Directors

Directors are considered to be "independent" if they have no direct or indirect material relationship with Charlotte's Web. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

As of the Effective Date, a majority of the directors (four of five) are independent (for the purposes of NI 58-101). The following directors and proposed directors of the Company are considered independent (for purposes of NI 58-101): John Held, Jacques Tortoroli, Jean Birch and Susan Vogt. Adrienne Elsner (CEO) is a non-independent director.

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Individual	Name of Reporting Issuer
Adrienne Elsner	Owens Corning, Inc. (NYSE: OC)
Susan Vogt	Anika Therapeutics Inc. (NASDAQ: ANIK) Sharps Compliance Corp. (NASDAQ: SMED)
Jean Birch	CorePoint Lodging Inc. (NYSE: CPLG) Forrester Research, Inc. (NASDAQ: FORR)

Board Meetings

Although the independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance, the Board has adopted the practice of following each meeting with an independent directors' discussion. The Board ensures open and candid discussion among its independent directors by continuously monitoring situations where a conflict of interest or perceived conflict of interest with respect to a director may exist. In cases where such a conflict of interest or perceived conflict of interest is identified, it is addressed in accordance with the BCBCA and the Board Mandate. The Board may determine that it is appropriate to hold an in-camera session excluding a director with a conflict of interest or perceived conflict of interest, or such director may consider that it is appropriate to recuse him or herself from considering and voting with respect to the matter under consideration.

The Chair of the Board, John Held, is an independent director. The Board Chair is responsible for encouraging open and candid discussion among the independent directors, as discussed above, as well as facilitating Board meetings.

The attendance record of each of the directors of the Company for Board meetings and committee meetings held during the year ended December 31, 2020 is as follows.

Name	Board Meetings Attended / Held	Audit Committee Meetings Attended / Held	Governance and Nominating Committee Meetings Attended / Held	Compensation Committee Meetings Attended / Held
Adrienne Elsner	16/16	-	-	-
John Held	16/16	-	1/1	6/6
Jacques Tortoroli	16/16	4/4	-	6/6
Susan Vogt[(1)]	6/6	2/2	1/1	-

Name	Board Meetings Attended / Held	Audit Committee Meetings Attended / Held	Governance and Nominating Committee Meetings Attended / Held	Compensation Committee Meetings Attended / Held
Jean Birch(2)	7/7	2/2	-	3/3

Notes:
(1) Susan Vogt was appointed to the Board on September 3, 2020.
(2) Jean Birch was appointed to the Board on July 10, 2020.

Board Mandate

The Board assumes overall responsibility for the strategic direction of the Company, including the annual consideration of a strategic plan and budget and management's design and implementation of risk mitigation programs as appropriate. The Board as currently constituted represents a cross-section of experience in matters relevant to the Company. The mandate of the Board is reviewed and revised by the Board periodically and is attached as Appendix C to this Circular.

Position Descriptions

The Board has developed a written position description for the Chairman of the Board and for the Chairman of each of the Audit Committee, the CG&N Committee, and the Compensation Committee.

The Board, with the input of the Chief Executive Officer of the Company, has developed a written position description for the Chief Executive Officer.

Orientation and Continuing Education

While the Company does not currently have a formal orientation and education program for new recruits to the Board, the Company has historically provided such orientation and education on an informal basis. As new directors have joined the Board, management has provided these individuals with corporate policies, historical information about the Company, as well as information on the Company's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures have proved to be a practical and effective approach in light of the Company's particular circumstances, including the size of the Company, limited turnover of the directors and the experience and expertise of the members of the Board.

No formal continuing education program currently exists for the directors of the Company. The Company encourages directors to attend, enroll or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Company has the responsibility for ensuring that he or she maintains the skill and knowledge necessary to meet his or her obligations as a director. The Company has a formal director evaluation process which is conducted on an annual basis.

Ethical Business Conduct

The CG&N Committee has developed a written code of business conduct and ethics (the "**Code**"), which is available for review on the Company's website at www.charlottesweb.com. The Code is administered by the CG&N Committee, who delegates the day-to-day responsibility for administering and interpreting the Code to the Chief Financial Officer of the Company. The CFO periodically reports to the CG&N Committee in respect of administration of the Code, and any reports of variance from the Code will be reported to the Board. The Company has not had to file any material change reports pertaining to any conduct of a director or executive officer that constitutes a departure from the Code.

The Board has also adopted a Whistleblower Policy wherein employees and consultants of the Company are provided with a channel by which they may raise concerns with respect to falsification of financial records, unethical conduct, harassment and theft in a confidential, anonymous process.

In accordance with the BCBCA, directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

Nomination of Directors

The CG&N Committee assists the Board with the nomination of directors of the Company and assesses potential candidates in relation to the competencies and skills necessary for the proper functioning of the Board. As of the Effective Date, the CG&N Committee is comprised of two independent directors: John Held (Chair), and Susan Vogt.

The CG&N Committee annually assesses the size, structure and composition of the Board, taking into consideration the current strengths, skills and experience of the Board, proposed retirements and the requirements and strategic direction of the Company. As required, the CG&N Committee also develops and approves director eligibility criteria and recommends suitable candidates to the Board for consideration for the appointment to the office of Chairman, as well as members of the Board.

The CG&N Committee assesses individual director performance and the evaluation of the performance of the Board as a whole, including their processes and effectiveness and what competencies and skills each existing director possesses.

The Board considers its size when it makes a recommendation to the Shareholders in respect of the number of directors for election at the annual meeting, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The CG&N Committee is authorized under its mandate to retain experts to assist it in fulfilling its responsibilities. To the extent that the committee retains an expert to assist it in "board searches" for qualified candidates, the CG&N Committee will provide direction to such experts to endeavor to bring forward candidates that fit into the skills matrix prepared by the committee.

See "*Board Committees - Corporate Governance and Nominating Committee"* below for more information regarding requirements and recommendations by the CG&N Committee for new nominee directors.

Compensation

For a discussion of the compensation of directors, see "*Statement of Executive Compensation*" in the case of directors who are also officers of Charlotte's Web and "*Statement of Director Compensation* " in respect of directors who are not also officers of Charlotte's Web. See also "*Compensation Discussion and Analysis*" for a discussion of the process by which the Board determines the compensation for the Company's directors and officers as well as a discussion regarding the Compensation Committee.

Assessments

The CG&N Committee of the Board annually assesses the Board and its committees, reviewing the skills and experience of Charlotte's Web's current directors and assessing the knowledge and character of all nominees to the Board to ensure that the Board and committee members possess the required mix of qualifications, skills and experience. The CG&N Committee then discloses such information to the Board for their consideration and review in performing periodic self-evaluations.

The CG&N Committee, together with the Board, reviewed the skills and experience of the Company's current directors against the requirements. The committee and Board determined that currently the required skills and experience are well represented by the current slate of director nominees for election at the Meeting.

Board Committees

Other than the Audit Committee, CG&N Committee, and Compensation Committee, the Company has no other committees.

Corporate Governance and Nominating Committee

As of the Effective Date, the CG&N Committee is comprised of two independent directors: John Held (Chair) and Susan Vogt. The CG&N Committee's responsibilities include: (i) assisting the Board in fulfilling its responsibility by reviewing matters related to corporate governance; (ii) making recommendations to the Board in respect of nomination of candidates for the Board; and (iii) reviewing and making recommendations to the Board matters related to the Company's corporate responsibility, including environmental and social initiatives.

In respect of corporate governance matters, the CG&N Committee reviews and provides recommendations to the Board regarding the matters set out below:

- preparing the Company's response to applicable securities laws or stock exchange rules when required, and explaining as required any differences between the Company's governance system and policies and the recommended governance standards by securities regulators;
- developing and monitoring the Company's general approach to corporate governance issues as they may arise;
- proposing changes as necessary from time to time to respond to particular governance recommendations or guidelines from regulatory authorities and ensuring that all appropriate or necessary governance systems remain in place and are periodically reviewed for effectiveness;
- ensuring that all members of the Board have been informed of and are aware of their duties and responsibilities as a director of the Company;
- ensuring that the Company has in effect adequate policies and procedures to allow the Company to meet all of its continuous disclosure requirements;
- ensuring that the Company has in effect adequate policies and procedures to identify and manage the principal risks of the Company's business;
- developing and monitoring the Company's policies relating to trading in securities of the Company by insiders as well as communication and confidentiality;
- annually reviewing areas of potential personal liability of directors and ensuring reasonable protective measures are in place;
- causing the Board to annually review its definition of an "independent" director;
- developing written corporate governance guidelines and a mandate for the Board in which it explicitly acknowledges responsibility for the stewardship of the Company and considers (i) measures for receiving feedback from stakeholders and (ii) expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials;
- developing clear position descriptions for the Chairman of the Board and the Chair of each Board committee, and together with the CEO, developing a clear position description for the CEO, which includes delineating management's responsibilities and developing the corporate goals and objectives that the CEO is responsible for meeting;
- assessment of the Board, its committees and each individual director in respect of effectiveness and contribution;
- developing a comprehensive orientation and continuing education program for all directors;
- developing a written code of business conduct and ethics that is applicable to all directors, officers and employees of the Company; and
- periodically considering the need for special policies of the Company, initiated by the Board, in unique or emerging policy areas such as corporate ethics, gender equality and sexual harassment.

In respect of nomination of candidates for election to the Board, the CG&N Committee (i) coordinates the search for qualified candidates with input from management and the Board; (ii) may engage a candidate search firm to assist in identifying potential nominees, if it deems such engagement necessary and appropriate; (iii) recommends a nominee and seeks Board endorsement of the selected candidate, based on its judgment as to which candidate will best serve the interests of the Company's Shareholders. The CG&N Committee may also review the number of women considered or brought forward as potential nominees for Board positions and the skills, knowledge, experience and character of any such women candidates relative to other candidates to ensure that women candidates are being fairly considered relative to other candidates. The CG&N Committee may also review the number of women actually appointed and serving on the Board to evaluate whether it is desirable to adopt requirements or policies with respect to diversity of the Board.

The CG&N Committee will ensure the Board and any recommendations for new nominee directors to the Board comply with the following requirements:

1. each director should possess the following minimum qualifications: (a) the highest personal and professional ethics, integrity and values; (b) commitment to representing the long-term interest of the Shareholders; (c) broad experience at the policy-making level in business, government, education, technology or public interest; and (d) sufficient time to effectively fulfill duties as a Board member; and

2. the Board will have a sufficient number of directors who meet the criteria for independence required by applicable laws, rules and regulations and the guidelines established by the Board.

In respect of environmental and corporate social responsibility, the CG&N Committee will:

- review environmental and social matters as they pertain to the business of the Company and the Company's long-term strategy;

- identify and bring to the attention of the Board current and emerging environmental and social trends and issues that may affect the business, performance and reputation of the Company;

- review any public disclosures of the Company with regard to the Company's environmental and social initiatives; and

- assess whether the Company's policies, plans and procedures are effectively developed and implemented, and align with industry practices and the Company's business objectives.

The CG&N Committee must be comprised of at least two directors, or such greater number as the Board may determine from time to time and at least one of the members of the CG&N Committee is required to be independent, as such term is defined for this purpose under applicable securities requirements. Pursuant to the mandate and terms of reference of the CG&N Committee, meetings of the Committee are to take place at least two times per year and at such other times as the Chair of the Committee may determine.

Audit Committee

As at December 31, 2020 and the Effective Date, the Audit Committee was comprised of three independent directors, namely Jacques Tortoroli (Chair), Jean Birch and Susan Vogt. See "*Audit Committee*" in the Company's annual information form for the year ended December 31, 2020, which is available on SEDAR at www.sedar.com, for information relating to the Audit Committee, including mandate and role.

Compensation Committee

As at December 31, 2020 and the Effective Date, the Compensation Committee was comprised of three independent directors, namely Jean Birch (Chair), John Held and Jacques Tortoroli. See "*Statement of Executive Compensation - Compensation Discussion and Analysis*" above for a discussion on the Compensation Committee's mandate and role.

Director Term Limits

The Board believes that issues relating to Board effectiveness, Board renewal and Board succession planning are best addressed by a strong Chairman, a thoughtful governance committee and independent-thinking Board members. The Board is responsible for recommending to Shareholders from time to time candidates for election to the Board that together contribute the right mix of skills and expertise to the Board. To assist in making those recommendations, the Board periodically conducts both formal and informal reviews of the effectiveness of the

Board and individual Board members. When considering the composition of the Board, the Chairman and the other members of the Board also take into consideration the skills matrix of all Board members, as prepared and approved by the CG&N Committee, to ensure that the Board possesses the requisite experience, expertise and business and operational insight to effectively guide the Company.

The Company has not adopted term limits for the directors on its Board. The Board is concerned that imposing arbitrary and inflexible director term limits may result in the Company losing valued directors at a time when the Company most needs their skills, qualities and contributions, as well as their knowledge of the history and culture of the organization. Mandatory retirement ages pose the same risk and the Board does not want to risk the loss of key directors to retirement policies that seem unnecessarily arbitrary and inflexible when they force a high performing director off the Board. As a result, the Board does not feel that it would be appropriate to set term limits for its directors but rather relies on the experience of its members to determine when Board renewals, Board removals and Board additions are appropriate.

Policies Regarding the Representation of Women on the Board

The Company does not have a written policy relating to the identification and nomination of women directors. All appointments to the Board are made on merit, in the context of the skills and experience the Board, as a whole, requires to be effective. The CG&N Committee, when considering and recommending qualified director nominees, takes the background and diversity (including gender) of all directors and nominees into consideration.

Consideration of the Representation of Women in the Director Identification and Selection Process

The CG&N Committee and the Board go through a rigorous process when considering a director nominee, including an evaluation of the skills and experience of the current directors, determining the gaps in skills and experience that exist and finding potential candidates to fill those gaps and round out the skills and experience of the Board as a whole. Diversity (including the representation of women on the Board and in executive officer positions) is a factor considered in determining the optimum composition of the Board. The final recommendation for nomination or appointment to the Board has been based on the best combination of skills and experience for the position, with due regard for the benefits of diversity on the Board.

Consideration Given to the Representation of Women in Executive Officer Appointments

The Board encourages the consideration of women who have the necessary skills, knowledge, experience and character when considering new potential candidates for executive officer positions.

Company's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

The Board does not have specific targets in respect of appointing women to the Board and in respect of executive officer appointments, as a result of its commitment to a principle-based selection process, as discussed above. However, the Board does understand and appreciate the importance of gender equality and diversity and is committed to strengthening diversity when recruiting for a Board appointment or executive officer position.

Number of Women on the Board and in Executive Officer Positions

As of the Effective Date, there are currently three women on the Board (60%), and one out of seven executive officers is a woman (14%).

GENERAL

Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolutions set forth herein. In order to pass, all ordinary resolutions require a simple majority of the votes cast at the Meeting by the holders of Common Shares and Proportionate Voting Shares.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information of the Company's most recently completed financial year is provided in the Company's comparative financial statements and management's discussion and analysis available on SEDAR.

Also see "*Audit Committee*" in the Company's annual information form for the year ended December 31, 2020, which is available on SEDAR at www.sedar.com, for information relating to the Audit Committee, including its charter and composition and fees paid to the Company's auditors.

A Shareholder may contact the Company at 1600 Pearl Street, Suite 300, Boulder, CO 80302 United States, Attention: Chief Financial Officer, to obtain a copy of the Company's most recent financial statements and management's discussion and analysis.

BOARD APPROVAL

The contents and the sending of this Circular have been approved by the Board.

APPENDIX A

LTIP AMENDMENT RESOLUTION

RESOLVED, as an ordinary resolution, that:

1. the amended long term incentive plan of Charlotte's Web Holdings, Inc. (the "**Company**") substantially in the form as described in the management information circular of the Company dated April 30, 2021 (the "**Amended LTIP**"), which amends the maximum number of common shares of the Company available to be granted under the plan from a fixed number to a rolling 10% of the Company's issued and outstanding common shares from time to time (assuming conversion of all outstanding proportionate voting shares of the Company), with such other conforming changes as the board of directors of the Company considers necessary or appropriate, is hereby ratified, confirmed and approved; and

2. any officer or director of the Company be and is hereby authorized for and on behalf of the Company (whether under its corporate seal or otherwise) to execute and deliver all such documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any of such actions.

APPENDIX B

AMENDED 2018 LONG TERM INCENTIVE PLAN

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1. History; Effective Date.

Charlotte's Web Holdings, Inc., a company formed under the laws of the Province of British Columbia ("**CWHI**"), has established the CHARLOTTE'S WEB HOLDINGS, INC. 2018 LONG-TERM INCENTIVE PLAN, as set forth herein, and as the same may be amended from time to time (the "**Plan**"). The Plan was adopted by the Board of Directors of CWHI (the "**Board**") and originally became effective as of August 23, 2018, and which is hereby amended and restated effective April 29, 2021 (the "Effective Date").

2. Purpose.

The Purpose of the Plan is to:

(a) promote the long-term financial interests and growth of CWHI and its Subsidiaries (together, the "**Company**") by attracting and retaining management and other personnel and key service providers with the training, experience and ability to enable them to make a substantial contribution to the success of the Company's business;

(b) motivate management personnel by means of growth-related incentives to achieve long-range goals; and

(c) further the alignment of interests of Participants with those of the shareholders of CWHI through opportunities for increased stock or stock-based ownership in CWHI.

Toward these objectives, the Administrator may grant stock options, stock appreciation rights, stock awards, stock units, performance shares, performance units, and other stock-based awards to eligible individuals on the terms and subject to the conditions set forth in the Plan.

3. Definitions.

Except as otherwise specifically provided in an Award Agreement, capitalized words and phrases used in the Plan or an Award Agreement shall have the following meanings:

"**Administrator**" means the Compensation Committee, or such other committee(s) or officer(s) duly appointed by the Board or the Compensation Committee to administer the Plan or delegated limited authority to perform administrative actions under the Plan, and having such powers as shall be specified by the Board or the Compensation Committee; provided, however, that at any time the Board may serve as the Administrator in lieu of or in addition to the Compensation Committee or such other committee(s) or officer(s) to whom administrative authority has been delegated. With respect to any Award to which Section 16 of the Exchange Act applies, the Administrator shall consist of either the Board or a committee of the Board, which committee shall consist of two or more directors, each of whom is intended to be, to the extent required by Rule 16b-3 of the Exchange Act, a "non-employee director" as defined in Rule 16b-3 of the Exchange Act and an "independent director" to the extent required by the rules of the national securities exchange that is the principal trading market for the Common Shares; provided, that with respect to Awards made to a member of the Board who is not an employee of the Company, "Administrator" means the Board. Any member of the Administrator who does not meet the foregoing requirements shall abstain from any decision regarding an Award and shall not be considered a member of the Administrator to the extent required to comply with Rule 16b-3 of the Exchange Act.

"Affiliate" means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common **control** with, CWHI or any successor to CWHI. For this purpose, "control" (including the correlative meanings of the terms "controlled by" and "under common control with") shall mean ownership, directly or indirectly, of 50% or more of the total combined voting power of all classes of voting securities issued by such entity, or the possession, directly or indirectly, of the power to direct the management and policies of such entity, by contract or otherwise.

"**as converted basis**" includes the conversion of the outstanding proportionate voting shares of CWHI into Common Shares.

"**Award**" means any stock option, stock appreciation right, stock award, stock unit, Performance Share, Performance Unit, and/or Other Stock-Based Award, granted under this Plan.

"**Award Agreement**" means the written document(s), including an electronic writing acceptable to the Administrator, and any notice, addendum or supplement thereto, memorializing the terms and conditions of an Award granted pursuant to the Plan and which shall incorporate the terms of the Plan.

"**Board**" means the Board of Directors of CWHI.

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, or the City of New York for the transaction of banking business.

"**Change in Control**" means the first of the following to occur: (i) a Change in Ownership of CWHI, (ii) a Change in Effective Control of CWHI, or (iii) a Change in the Ownership of Assets of CWHI, as described herein and construed in accordance with Code section 409A.

(a) A "**Change in Ownership of CWHI**" shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire, ownership of the capital stock of CWHI that, together with the stock held by such Person or Group, constitutes more than 50% of the total fair market value or total voting power of the capital stock of CWHI. However, if any one Person is, or Persons Acting as a Group are, considered to own more than 50%, on a fully diluted basis, of the total fair market value or total voting power of the capital stock of CWHI, the acquisition of additional stock by the same Person or Persons Acting as a Group is not considered to cause a Change in Ownership of CWHI or to cause a Change in Effective Control of CWHI (as described below). An increase in the percentage of capital stock owned by any one Person, or Persons Acting as a Group, as a result of a transaction in which CWHI acquires its stock in exchange for property will be treated as an acquisition of stock.

(b) A "**Change in Effective Control of CWHI**" shall occur on the date either (A) a majority of members of CWHI's Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of CWHI's Board before the date of the appointment or election, or (B) any one Person, or Persons Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of CWHI possessing 50% or more of the total voting power of the stock of CWHI.

(c) A "**Change in the Ownership of Assets of CWHI**" shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire (or has or have acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons), assets from CWHI that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of CWHI immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of CWHI, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

The following rules of construction apply in interpreting the definition of Change in Control:

(i) A "**Person**" means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the *Securities Exchange Act of 1934*, as amended, other than employee benefit plans sponsored or maintained by CWHI and by entities controlled by CWHI or an underwriter, initial purchaser or placement agent temporarily holding the capital stock of CWHI pursuant to a registered public offering.

(ii) Persons will be considered to be Persons Acting as a Group (or Group) if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the corporation. If a Person owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a Group with other shareholders only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a Group solely because they purchase assets of the same corporation at the same time or purchase or own stock of the same corporation at the same time, or as a result of the same public offering.

(iii) A Change in Control shall not include a transfer to a related person as described in Code section 409A or a public offering of capital stock of CWHI.

(iv) For purposes of the definition of Change in Control, Section 318(a) of the Code applies to determine stock ownership. Stock underlying a vested option is considered owned by the individual who holds the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). For purposes of the preceding sentence, however, if a vested option is exercisable for stock that is not substantially vested (as defined by Treasury Regulation §1.83-3(b) and (j)), the stock underlying the option is not treated as owned by the individual who holds the option.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor section, regulations and guidance.

"**Common Shares**" means common shares in the capital of CWHI, without par value, and any capital securities into which they are converted.

"**Company**" means CWHI and its Subsidiaries, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only CWHI.

"**Compensation Committee**" means the Compensation Committee of the Board.

"**CWHI**" means Charlotte's Web Holdings Inc., a company organized under the laws of the province of British Columbia, Canada.

"**Dividend Equivalent**" means a right, granted to a Participant, to receive cash, Common Shares, stock Units or other property equal in value to dividends paid with respect to a specified number of Common Shares.

"**Eligible Individuals**" means (i) officers and employees of, and other individuals, including Non-Employee Directors, who are natural persons providing bona fide services to or for, CWHI or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for CWHI's securities and (ii) CWHI consultants who are natural persons providing bona fide services to or for, CWHI or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for CWHI's securities.

"**Exchange**" means the Toronto Stock Exchange or any such exchange in Canada or the United States on which Common Shares are listed and posted for trading.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto. Reference to any specific section of the Exchange Act shall be deemed to include such regulations and guidance issued thereunder, as well as any successor section, regulations and guidance.

"**Fair Market Value**" means, on a per share basis as of any date, unless otherwise determined by the Administrator:

(a) if the principal market for the Common Shares (as determined by the Administrator if the Common Shares are listed or admitted to trading on more than one exchange or market) is a national securities exchange or an established securities market, the official closing price per Common Share for the regular market session on that date on the principal exchange or market on which the Common Shares are then listed or admitted to trading or, if no sale is reported for that date, on the last preceding day on which a sale was reported, all as reported by such source as the Administrator may select;

(b) if the principal market for the Common Shares is not a national securities exchange or an established securities market, but the Common Shares are quoted by a national quotation system, the value determined by the Administrator in good faith by the reasonable application of a reasonable valuation method referencing actual transactions in the Common Shares as reported by such source as the Administrator may select; or

(c) if the Common Shares are neither listed or admitted to trading on a national securities exchange or an established securities market, nor quoted by a national quotation system, the value determined by the Administrator in good faith by the reasonable application of a reasonable valuation method, which method may, but need not, include taking into account an appraisal of the fair market value of the Common Shares conducted by a nationally recognized appraisal firm selected by the Administrator.

Notwithstanding the preceding, for foreign, federal, state and local income tax reporting purposes and for such other purposes as the Administrator deems appropriate, the Fair Market Value shall be determined by the Administrator in accordance with uniform and non-discriminatory standards adopted by it from time to time.

"**Full Value Award**" means an Award that results in CWHI transferring the full value of a Common Share under the Award, whether or not an actual share of stock is issued. Full Value Awards shall include, but are not limited to, stock awards, stock units, Performance Shares, Performance Units that are payable in Common Shares, and Other Stock-Based Awards for which CWHI transfers the full value of a Common Share under the Award, but shall not include Dividend Equivalents.

"**Incentive Stock Option**" means any stock option that is designated, in the applicable Award Agreement or the resolutions of the Administrator under which the stock option is granted, as an "incentive stock option" within the meaning of Section 422 of the Code and otherwise meets the requirements to be an "incentive stock option" set forth in Section 422 of the Code.

"**Legacy Option Plan**" means the CWB Holdings, Inc. 2015 Stock Option Plan, as amended from time to time, which will be assumed by CWHI, until all stock options existing thereunder have been exercised or have expired.

"**Non-Employee Director**" shall mean an individual who is a member of the Board but who is not otherwise an employee or a consultant of the Company or of any Affiliate at the date an Award is granted.

"**Non-qualified Option**" means any stock option that is not an Incentive Stock Option.

"**Other Stock-Based Award**" means an Award of Common Shares or any other Award that is valued in whole or in part by reference to, or is otherwise based upon, Common Shares, including without limitation Dividend Equivalents.

"**Participant**" means an Eligible Individual to whom one or more Awards are or have been granted pursuant to the Plan and have not been fully settled or cancelled and, following the death of any such person, his successors, heirs, executors and administrators, as the case may be.

"**Performance Award**" means a Full Value Award, the grant, vesting, lapse of restrictions or settlement of which is conditioned upon the achievement of performance objectives over a specified Performance Period and includes, without limitation, Performance Shares and Performance Units.

"**Performance Criteria**" means the Performance Criteria established by the Administrator in connection with the grant of Awards based on Performance Metrics or other performance criteria selected by the Administrator.

"**Performance Period**" means that period established by the Administrator during which any Performance Criteria specified by the Administrator with respect to such Award are to be measured.

"**Performance Metrics**" means criteria established by the Administrator relating to any of the following, as it may apply to an individual, one or more business units, divisions, or Affiliates, or on a company-wide basis, and in absolute terms, relative to a base period, or relative to the performance of one or more comparable companies, peer groups, or an index covering multiple companies:

(a) Earnings or Profitability Metrics: any derivative of revenue; earnings/loss (gross, operating, net, or adjusted); earnings/loss before interest and taxes ("**EBIT**"); earnings/loss before interest, taxes, depreciation and amortization ("**EBITDA**"); profit margins; operating margins; expense levels or ratios; provided that any of the foregoing metrics may be adjusted to eliminate the effect of any one or more of the following: interest expense, asset impairments or investment losses, early extinguishment of debt or stock-based compensation expense;

(b) Return Metrics: any derivative of return on investment, assets, equity or capital (total or invested);

(c) Investment Metrics: relative risk-adjusted investment performance; investment performance of assets under management;

(d) Cash Flow Metrics: any derivative of operating cash flow; cash flow sufficient to achieve financial ratios or a specified cash balance; free cash flow; cash flow return on capital; net cash provided by operating activities; cash flow per share; working capital;

(e) Liquidity Metrics: any derivative of debt leverage (including debt to capital, net debt-to-capital, debt-to-EBITDA or other liquidity ratios);

(f) Stock Price and Equity Metrics: any derivative of return on shareholders' equity; total shareholder return; stock price; stock price appreciation; market capitalization; earnings/loss per share (basic or diluted) (before or after taxes);

(g) Strategic Metrics: product research and development; completion of an identified special project; clinical trials; regulatory filings or approvals; patent application or issuance; manufacturing or process development; sales or net sales; market share; market penetration; economic value added; customer service; customer satisfaction; inventory control; balance of cash, cash equivalents and marketable securities; growth in assets; key hires; employee satisfaction; employee retention; business expansion; acquisitions, divestitures, joint ventures or financing; legal compliance or safety and risk reduction; and/or

(h) Any such personal performance objectives as determined by the Plan Administrator.

"**Performance Shares**" means a grant of stock or stock Units the issuance, vesting or payment of which is contingent on performance as measured against predetermined objectives over a specified Performance Period.

"**Performance Units**" means a grant of dollar-denominated Units the value, vesting or payment of which is contingent on performance against predetermined objectives over a specified Performance Period.

"**Plan**" means this 2018 Long-Term Incentive Plan, as set forth herein and as it may be amended from time to time.

"**Restricted Stock**" means an Award of Common Shares to a Participant that may be subject to certain transferability and other restrictions and to a risk of forfeiture (including by reason of not satisfying certain Performance Criteria).

"**Restricted Stock Unit**" means a right granted to a Participant to receive Common Shares or cash at the end of a specified deferral period, which right may be conditioned on the satisfaction of certain requirements (including the satisfaction of certain Performance Criteria).

"**Restriction Period**" means, with respect to Full Value Awards, the period commencing on the date of grant of such Award to which vesting or transferability and other restrictions and a risk of forfeiture apply and ending upon the expiration of the applicable vesting conditions, transferability and other restrictions and lapse of risk of forfeiture and/or the achievement of the applicable Performance Criteria (it being understood that the Administrator may provide that vesting shall occur and/or restrictions shall lapse with respect to portions of the applicable Award during the Restriction Period in accordance with Section 7(b)).

"**Subsidiary**" means any corporation or other entity in an unbroken chain of corporations or other entities beginning with CWHI if each of the corporations or other entities, or group of commonly controlled corporations or other entities, other than the last corporation or other entity in the unbroken chain then owns stock or other equity interests possessing 50% or more of the total combined voting power of all classes of stock or other equity interests in one of the other corporations or other entities in such chain or otherwise has the power to direct the management and policies of the entity by contract or by means of appointing a majority of the members of the board or other body that controls the affairs of the entity; provided, however, that solely for purposes of determining whether a Participant has a Termination of Service that is a "separation from service" within the meaning of Section 409A of the Code or whether an Eligible Individual is eligible to be granted an Award that in the hands of such Eligible Individual would constitute a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, a "Subsidiary" of a corporation or other entity means all other entities with which such corporation or other entity would be considered a single employer under Sections 414(b) or 414(c) of the Code.

"**Tax Withholding Obligation**" means any federal, state, local or foreign (non-United States) income, employment or other tax or social insurance contribution required by applicable law to be withheld in respect of Awards.

"**Termination of Service**" means the termination of the Participant's employment or consultancy with, or performance of services for, CWHI and its Subsidiaries. Temporary absences from employment because of illness, vacation or leave of absence and transfers among CWHI and its Subsidiaries shall not be considered Terminations of Service. With respect to any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, "Termination of Service" shall mean a "separation from service" as defined under Section 409A of the Code to the extent required by Section 409A of the Code to avoid the imposition of any tax or interest or the inclusion of any amount in income pursuant to Section 409A of the Code. A Participant has a separation from service within the meaning of Section 409A of the Code if the Participant terminates employment with CWHI and all Subsidiaries for any reason. A Participant will generally be treated as having terminated employment with CWHI and all Subsidiaries as of a certain date if the Participant and the entity that employs the Participant reasonably anticipate that the Participant will perform no further services for CWHI or any Subsidiary after such date or that the level of bona fide services that the Participant will perform after such date (whether as an employee or an independent contractor) will permanently decrease to no more than 20 percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Participant has been providing services for fewer than 36 months); provided, however, that the employment relationship is treated as continuing while the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six months or, if longer, so long as the Participant retains the right to reemployment with CWHI or any Subsidiary.

"**Total and Permanent Disability**" means, with respect to a Participant, except as otherwise provided in the relevant Award Agreement, that a Participant is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until the Participant's death or result in death, or (ii) determined to be totally disabled by the Social Security Administration or other governmental or quasi-governmental body that administers a comparable social insurance program outside of the United States in which the Participant participates and which conditions the right to receive benefits under such program on the Participant being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until the Participant's death or result in death. The Administrator shall have sole authority to determine whether a Participant has suffered a Total and Permanent Disability and may require such medical or other evidence as it deems necessary to judge the nature and permanency of the Participant's condition.

"**Unit**" means a bookkeeping entry used by CWHI to record and account for the grant of the following types of Awards until such time as the Award is paid, cancelled, forfeited or terminated, as the case may be: stock units, Restricted Stock Units, Performance Units, and Performance Shares that are expressed in terms of units of Common Shares.

4. Administration.

(a) **Administration of the Plan**. The Plan shall be administered by the Administrator.

(b) **Powers of the Administrator**. The Administrator shall, except as otherwise provided under the Plan, have full authority, in its sole and absolute discretion, to grant Awards pursuant to the terms of the Plan to Eligible Individuals and to take all other actions necessary or desirable to carry out the purpose and intent of the Plan. Among other things, the Administrator shall have the authority, in its sole and absolute discretion, subject to the terms and conditions of the Plan to:

(i) determine the Eligible Individuals to whom, and the time or times at which, Awards shall be granted;

(ii) determine the types of Awards to be granted any Eligible Individual;

(iii) determine the number of Common Shares to be covered by or used for reference purposes for each Award or the value to be transferred pursuant to any Award;

(iv) determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any shares acquired pursuant thereto, including, without limitation, (A) the purchase price of any Common Shares, (B) the method of payment for shares purchased pursuant to any Award, (C) the method for satisfying any tax withholding obligation arising in connection with any Award, including by the withholding or delivery of Common Shares, (D) subject to Section 7(b), the timing, terms and conditions of the exercisability, vesting or payout of any Award or any shares acquired pursuant thereto, (E) the Performance Criteria applicable to any Award and the extent to which such Performance Criteria have been attained, (F) the time of the expiration of any Award, (G) the effect of the Participant's Termination of Service on any of the foregoing, and (H) all other terms, conditions and restrictions applicable to any Award or shares acquired pursuant thereto as the Administrator shall consider to be appropriate and not inconsistent with the terms of the Plan;

(v) subject to Sections 7(f), 10(c) and 15, modify, amend or adjust the terms and conditions of any Award;

(vi) subject to Section 7(b), accelerate or otherwise change the time at or during which an Award may be exercised or becomes payable and waive or accelerate the lapse, in whole or in part, of any restriction, condition or risk of forfeiture with respect to such Award; provided, however, that, except in connection with death, disability or a Change in Control, no such change, waiver or acceleration shall be made to any Award that is considered "deferred compensation" within the meaning of Section 409A of the Code if the effect of such action is inconsistent with Section 409A of the Code;

(vii) determine whether an Award will be paid or settled in cash, Common Shares, or in any combination thereof and whether, to what extent and under what circumstances cash or Common Shares payable with respect to an Award shall be deferred either automatically or at the election of the Participant;

(viii) for any purpose, including but not limited to, qualifying for preferred or beneficial tax treatment, accommodating the customs or administrative challenges or otherwise complying with the tax, accounting or regulatory requirements of one or more jurisdictions, adopt, amend, modify, administer or terminate sub-plans, appendices, special provisions or supplements applicable to Awards regulated by the laws of a particular jurisdiction, which sub-plans, appendices, supplements and special provisions may take precedence over other provisions of the Plan, and prescribe, amend and/or rescind rules and regulations relating to such sub-plans, supplements and/or special provisions;

(ix) establish any "blackout" period, during which transactions affecting Awards may not be effected, that the Administrator in its sole discretion deems necessary or advisable;

(x) determine the Fair Market Value of Common Shares or other property for any purpose under the Plan or any Award;

(xi) administer, construe and interpret the Plan, Award Agreements and all other documents relevant to the Plan and Awards issued thereunder, and decide all other matters to be determined in connection with an Award;

(xii) establish, amend, rescind and interpret such administrative rules, regulations, agreements, guidelines, instruments and practices for the administration of the Plan and for the conduct of its business as the Administrator deems necessary or advisable;

(xiii) correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent the Administrator shall consider it desirable to carry it into effect; and

(xiv) specify that vesting conditions in respect of Awards shall not extend beyond applicable limitations such that the Award complies at all times with the exception in paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the Income Tax Act (Canada) or comparable legislation of any jurisdiction; and

(xv) otherwise administer the Plan and all Awards granted under the Plan.

(c) **Delegation of Administrative Authority**. The Administrator may designate officers or employees of the Company to assist the Administrator in the administration of the Plan and, to the extent permitted by applicable law and stock exchange rules, the Administrator may delegate to officers or other employees of the Company any of the Administrator's duties and powers under the Plan, subject to such conditions and limitations as the Administrator shall prescribe, including without limitation the authority to execute agreements or other documents on behalf of the Administrator; provided, however, that such delegation of authority shall not extend to the granting of, or exercise of discretion with respect to, Awards to Eligible Individuals who are officers under Section 16 of the Exchange Act.

(d) **Non-Uniform Determinations**. The Administrator's determinations under the Plan (including without limitation, determinations of the persons to receive Awards, the form, amount and timing of such Awards, the terms and provisions of such Awards and the Award Agreements evidencing such Awards, and the ramifications of a Change in Control upon outstanding Awards) need not be uniform and may be made by the Administrator selectively among Awards or persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.

(e) **Limited Liability; Advisors**. To the maximum extent permitted by law, no member of the Administrator shall be liable for any action taken or decision made in good faith relating to the Plan or any Award thereunder. The Administrator may employ counsel, consultants, accountants, appraisers, brokers or other persons. The Administrator, CWHI, and the officers and directors of CWHI shall be entitled to rely upon the advice, opinions or valuations of any such persons.

(f) **Indemnification**. To the maximum extent permitted by law, by CWHI's Notice and Articles of Incorporation, and by any directors' and officers' liability insurance coverage which may be in effect from time to time, the members of the Administrator and any agent or delegate of the Administrator who is a director, officer or employee of CWHI or an Affiliate shall be indemnified by CWHI against any and all liabilities and expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan.

(g) **Effect of Administrator's Decision**. All actions taken and determinations made by the Administrator on all matters relating to the Plan or any Award pursuant to the powers vested in it hereunder shall be in the Administrator's sole and absolute discretion, unless in contravention of any express term of the Plan, including, without limitation, any determination involving the appropriateness or equitableness of any action. All determinations made by the Administrator shall be conclusive, final and binding on all parties concerned, including CWHI, its shareholders, any Participants and any other employee, consultant, or director of CWHI and its Affiliates, and their respective successors in interest. No member of the Administrator, nor any director, officer, employee or representative of CWHI shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or Awards.

5. <u>Shares.</u>

(a) **Number of Shares Available for Awards**. Subject to Section 5(b) and to adjustment pursuant to Section 10, the total number of shares reserved and available for grant and issuance pursuant to Awards shall not exceed a number of Common Shares equal to ten percent (10%) of the total issued and outstanding Common Shares from time to time, on an as converted basis, less any Common Shares that are issuable pursuant to the Legacy Option Plan, as may be adjusted from time to time (the "**Share Pool**"). For greater certainty and without duplication, for the purposes of compliance with certain United States securities laws, the Share Pool shall, unless otherwise determined by the Board or the Administrator, be considered to be increased annually on the first day of each fiscal year of the Company, commencing with its 2022 fiscal year, by a number equal to 10% of the increase during the preceding fiscal year in the number of Common Shares outstanding on an as converted basis, as measured from the first to the last date of such fiscal year. For the avoidance of doubt, any Common Shares (on an as converted basis) which become outstanding during the applicable preceding fiscal year, including any Common Shares that are issued pursuant to Awards granted under the Plan, shall be included in calculating any such increase to the Share Pool.

(b) **Adjustments**. On and after the Effective Date, the Share Pool shall be adjusted, in addition to any adjustments to be made pursuant to Section 10 of the Plan, as follows:

(i) The Share Pool shall be reduced, on the date of grant, by one share for each stock option or stock appreciation right granted under the Plan and by one share for each stock award, stock unit, Performance Share and/or Other Stock-Based Award granted under the Plan; provided that Awards that are valued by reference to Common Shares but are required to be paid in cash pursuant to their terms shall not reduce the Share Pool;

(ii) If and to the extent options or stock appreciation rights originating from the Share Pool terminate, expire, or are canceled, forfeited, exchanged, or surrendered without having been exercised, or if any stock awards, stock units, Performance Shares and/or Other Stock-Based Awards are forfeited, the Common Shares subject to such Awards shall again be available for Awards under the Share Pool, and shall increase the Share Pool by one share for each stock option or stock appreciation right and one share for each stock award, stock unit, Performance Share and/or Other Stock-Based Award issued in connection with such Award or by which the Award is valued by reference;

(iii) Notwithstanding the foregoing, the following Common Shares shall not become available for issuance under the Plan: (A) shares tendered by Participants, or withheld by the Company, as full or partial payment to the Company upon the exercise of stock options granted under the Plan, until such Shares are cancelled; (B) shares reserved for issuance upon the grant of stock appreciation rights, to the extent the number of reserved shares exceeds the number of shares actually issued upon the exercise of the stock appreciation rights; and (C) shares withheld by, or otherwise remitted to, the Company to satisfy a Participant's tax withholding obligations upon the lapse of restrictions on stock awards or the exercise of stock options or stock appreciation rights granted under the Plan, until such Shares are cancelled.

(c) **ISO Limit**. Subject to adjustment pursuant to Section 10 of the Plan, the maximum number of Common Shares that may be issued pursuant to stock options granted under the Plan that are intended to qualify as Incentive Stock Options within the meaning of Section 422 of the Code shall be equal to 41,960,726.

(d) **Source of Shares**. The Common Shares with respect to which Awards may be made under the Plan shall be shares authorized by CWHI for issuance but unissued, or issued and reacquired, including without limitation shares purchased in the open market or in private transactions.

(e) **Per Person Limitations**.

(i) The number of Common Shares subject to Awards granted to any one Participant shall be determined by the Board, but no one Participant shall be granted Awards which exceed, in aggregate, the maximum number permitted by the Exchange, if applicable.

(ii) Subject to the aggregate limit and adjustment provisions in Section 10 of this Plan, the aggregate number of Common Shares that may be issued pursuant to the exercise of Awards under the Plan and all other security based compensation arrangements of the Company are subject to the following additional limitations:

(A) in the aggregate, no more than 10% of the issued and outstanding Common Shares (on a non-diluted but as converted basis) may be reserved at any time for insiders (as defined in the *Securities Act* (Ontario) and includes an associate and Affiliate, as defined in the *Securities Act* (Ontario) ("**Insider(s)**") under the Plan, together with all other security based compensation arrangements of the Company; and

(B) the number of securities of the Company issued to Insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares (on an as converted basis).

(iii) (A) The aggregate number of Common Shares that may be reserved for issuance pursuant to the exercise of Awards granted to Non-Employee Directors pursuant to this Plan shall not exceed 1.0% of the issued and outstanding Common Shares (on a non-diluted but as converted basis) from time to time; (B) the equity value of stock options granted to a Non-Employee Director, within a one year period, pursuant to the Plan shall not exceed C$100,000; and (C) the aggregate equity value of all Awards, that are eligible to be settled in Common Shares granted to a Non-Employee Director, within a one year period, pursuant to all security based compensation arrangements of the Company (including, for greater certainty, the Plan) shall not exceed C$150,000.

6. <u>Participation.</u>

Participation in the Plan shall be open to all Eligible Individuals, as may be selected by the Administrator from time to time.

7. <u>Awards.</u>

(a) **Awards, In General**. The Administrator, in its sole discretion, shall establish the terms of all Awards granted under the Plan consistent with the terms of the Plan. Awards may be granted individually or in tandem with other types of Awards, concurrently with or with respect to outstanding Awards. All Awards are subject to the terms and conditions of the Plan and as provided in the Award Agreement, which shall be delivered to the Participant receiving such Award upon, or as promptly as is reasonably practicable following, the grant of such Award. Unless otherwise specified by the Administrator, in its sole discretion, or otherwise provided in the Award Agreement, an Award shall not be effective unless the Award Agreement is signed or otherwise accepted by CWHI and the Participant receiving the Award (including by electronic delivery and/or electronic signature). Unless the Administrator determines otherwise, any failure by the Participant to sign and return the Award Agreement within such period of time following the granting of the Award as the Administrator shall prescribe shall cause such Award to the Participant to be null and void. The Administrator may direct that any stock certificate evidencing shares issued pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as may apply to such shares pursuant to the Plan.

(b) **Minimum Restriction Period for Full Value Awards**. Except as provided below and notwithstanding any provision of the Plan to the contrary, each Award granted under the Plan shall be subject to a minimum Restriction Period of 12 months from the date of grant if vesting of or lapse of restrictions on such Award is based on the satisfaction of Performance Criteria and a minimum

Restriction Period of 36 months from the date of grant, applied in either pro rata installments or a single installment, if vesting of or lapse of restrictions on such Award is based solely on the Participant's satisfaction of specified service requirements with the Company. If the grant of a Performance Award is conditioned on satisfaction of Performance Criteria, the Performance Period shall not be less than 12 months' duration, but no additional minimum Restriction Period need apply to such Award. Except as provided below and notwithstanding any provision of the Plan to the contrary, the Administrator shall not have discretionary authority to waive the minimum Restriction Period applicable to a Full Value Award, except in the case of death, disability, retirement, or a Change in Control. Notwithstanding the foregoing, the provisions of this Section 7(b) shall not apply and/or may be waived, in the Administrator's sole discretion.

(c) **Stock Options**.

(i) Grants. A stock option means a right to purchase a specified number of Common Shares from CWHI at a specified price during a specified period of time. The Administrator may from time to time grant to Eligible Individuals Awards of Incentive Stock Options or Non-qualified Options; provided, however, that Awards of Incentive Stock Options shall be limited to employees of CWHI or of any current or hereafter existing "parent corporation" or "subsidiary corporation," as defined in Sections 424(e) and 424(f) of the Code, respectively, of CWHI, and any other Eligible Individuals who are eligible to receive Incentive Stock Options under the provisions of Section 422 of the Code. No stock option shall be an Incentive Stock Option unless so designated by the Administrator at the time of grant or in the applicable Award Agreement.

(ii) Exercise. Stock options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator; provided, however, that Awards of stock options may not have a term in excess of ten years' duration unless required otherwise by applicable law. The exercise price per share subject to a stock option granted under the Plan shall not be less than the Fair Market Value of one Common Share on the date of grant of the stock option, except as provided under applicable law or with respect to stock options that are granted in substitution of similar types of awards of a company acquired by CWHI or a Subsidiary or with which CWHI or a Subsidiary combines (whether in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, or otherwise) to preserve the intrinsic value of such awards. Should the expiry date of a stock option fall within a period during which the relevant Participant is prohibited from exercising a Nonqualified Option due to trading restrictions imposed by the Company pursuant to any policy of the Company respecting restrictions on trading that is in effect at that time (a "**blackout period**") or within nine Business Days following the expiration of a blackout period, such expiry date of the Nonqualified Option shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the blackout period (but not beyond the first to occur of the original term of the option or the 10th anniversary of the original grant date of the option), such tenth Business Day to be considered the expiry date for such Nonqualified Option for all purposes under the Plan. The ten Business Day period referred to in this paragraph may not be extended by the Board.

(iii) Termination of Service. Except as provided in the applicable Award Agreement or otherwise determined by the Administrator, to the extent stock options are not vested and exercisable, a Participant's stock options shall be forfeited upon his or her Termination of Service.

(iv) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of stock options, provided they are not inconsistent with the Plan.

(d) **Limitation on Reload Options**. The Administrator shall not grant stock options under this Plan that contain a reload or replenishment feature pursuant to which a new stock option would be granted automatically upon receipt of delivery of Common Shares to CWHI in payment of the exercise price or any tax withholding obligation under any other stock option.

(e) **Stock Appreciation Rights**.

(i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards of stock appreciation rights. A stock appreciation right entitles the Participant to receive, subject to the provisions of the Plan and the Award Agreement, a payment having an aggregate value equal to the product of (i) the excess of (A) the Fair Market Value on the exercise date of one Common Share over (B) the base price per share specified in the Award Agreement, times (ii) the number of shares specified by the stock appreciation right, or portion thereof, which is exercised. The base price per share specified in the Award Agreement shall not be less than the Fair Market Value on the date of grant, or with respect to stock appreciation rights that are granted in substitution of similar types of awards of a company acquired by CWHI or a Subsidiary or with which CWHI or a Subsidiary combines (whether in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, or otherwise) such base price as is necessary to preserve the intrinsic value of such awards.

(ii) Exercise. Stock appreciation rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator; provided, however, that stock appreciation rights granted under the Plan may not have a term in excess of ten years' duration unless required otherwise by applicable law. The applicable Award Agreement shall specify whether payment by CWHI of the amount receivable upon any exercise of a stock appreciation right is to be made in cash or Common Shares or a combination of both, or shall reserve to the Administrator or the Participant the right to make that determination prior to or upon the exercise of the stock appreciation right. If upon the exercise of a stock appreciation right a Participant is to receive a portion of such payment in Common Shares, the number of shares shall be determined by dividing such portion by the Fair Market Value of a Common Share on the exercise date. No fractional shares shall be used for such payment and the Administrator shall determine whether cash shall be given in lieu of such fractional shares or whether such fractional shares shall be eliminated.

(iii) Termination of Service. Except as provided in the applicable Award Agreement or otherwise determined by the Administrator, to the extent stock appreciation rights are not vested and exercisable, a Participant's stock appreciation rights shall be forfeited upon his or her Termination of Service.

(iv) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, **of** any Award of stock appreciation rights, provided they are not inconsistent with the Plan.

(f) Repricing. Notwithstanding anything herein to the contrary, except in connection with a corporate transaction involving CWHI (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of options and stock appreciation rights granted under the Plan may not be amended, after the date of grant, to reduce the exercise price of such options or stock appreciation rights, nor may outstanding options or stock appreciation rights be canceled in exchange for (i) cash, (ii) options or stock appreciation rights with an exercise price or base price that is less than the exercise price or base price of the original outstanding options or stock appreciation rights, or (iii) other Awards, unless such action is approved by CWHI's shareholders.

(g) **Stock Awards**.

(i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards of unrestricted Common Shares or Restricted Stock (collectively, "**Stock Awards**") on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by law, as the Administrator shall determine, subject to the limitations set forth in Section 7(b). Stock Awards shall be evidenced in such manner as the Administrator may deem appropriate, including via book-entry registration.

(ii) Vesting. Restricted Stock shall be subject to such vesting, restrictions on transferability and other restrictions, if any, and/or risk of forfeiture as the Administrator may impose at the date of grant or thereafter. The Restriction Period to which such vesting, restrictions and/or risk of forfeiture apply may lapse under such circumstances, including without limitation upon the attainment of Performance Criteria, in such installments, or otherwise, as the Administrator may determine. Subject to the provisions of the Plan, the applicable Award Agreement and applicable law, during the Restriction Period, the Participant shall not be permitted to vote sell, assign, transfer, pledge or otherwise encumber shares of Restricted Stock.

(iii) Rights of a Shareholder; Dividends. Except to the extent restricted under the Award Agreement relating to the Restricted Stock, a Participant granted Restricted Stock shall have all of the rights of a shareholder of Common Shares including, without limitation, the right to vote Restricted Stock upon the expiry of the Restriction Period. Subject to shareholder approval, cash dividends declared payable on Common Shares shall be paid, with respect to outstanding Restricted Stock, as determined by the Administrator, and shall be paid in cash or as unrestricted Common Shares having a Fair Market Value equal to the amount of such dividends or may be reinvested in additional shares of Restricted Stock as determined by the Administrator; provided, however, that dividends declared payable on Restricted Stock that is granted as a Performance Award shall be held by CWHI and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such shares of Restricted Stock. Stock distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Common Shares or other property has been distributed. As soon as is practicable following the date on which restrictions on any shares of Restricted Stock lapse, CWHI shall deliver to the Participant the certificates for such shares or shall cause the shares to be registered in the Participant's name in book-entry form, in either case with the restrictions removed, provided that the Participant shall have complied with all conditions for delivery of such shares contained in the Award Agreement or otherwise reasonably required by CWHI.

(iv) Termination of Service. Except as provided in the applicable Award Agreement, upon Termination of Service during the applicable Restriction Period, Restricted Stock and any accrued but unpaid dividends that are at that time subject to restrictions shall be forfeited; provided that, subject to the limitations set forth in Section 7(b), the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of terminations resulting from specified causes, and the Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock.

(v) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of Restricted Stock, provided they are not inconsistent with the Plan.

(h) **Stock Units**.

(i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards of unrestricted stock Units or Restricted Stock Units on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by law, as the Administrator shall determine, subject to the limitations set forth in Section 7(b). Restricted Stock Units represent a contractual obligation by CWHI to deliver a number of Common Shares, an amount in cash equal to the Fair Market Value of the specified number of shares subject to the Award, or a combination of Common Shares and cash, in accordance with the terms and conditions set forth in the Plan and any applicable Award Agreement.

(ii) Vesting and Payment. Restricted Stock Units shall be subject to such vesting, risk of forfeiture and/or payment provisions as the Administrator may impose at the date of grant. The Restriction Period to which such vesting and/or risk of forfeiture apply may lapse under such circumstances, including without limitation upon the attainment of Performance Criteria, in such installments, or otherwise, as the Administrator may determine. Common Shares, cash or a combination of Common Shares and cash, as applicable, payable in settlement of Restricted Stock Units shall be delivered to the Participant as soon as administratively practicable, but no later than 30 days, after the date on which payment is due under the terms of the Award Agreement provided that the Participant shall have complied with all conditions for delivery of such shares or payment contained in the Award Agreement or otherwise reasonably required by CWHI, or in accordance with an election of the Participant, if the Administrator so permits, that meets the requirements of Section 409A of the Code.

(iii) No Rights of a Shareholder; Dividend Equivalents. Until Common Shares are issued to the Participant in settlement of stock Units, the Participant shall not have any rights of a shareholder of CWHI with respect to the stock Units or the shares issuable thereunder. The Administrator may grant to the Participant the right to receive Dividend Equivalents on stock Units, on a current, reinvested and/or restricted basis, subject to such terms as the Administrator may determine provided, however, that Dividend Equivalents payable on stock Units that are granted as a Performance Award shall, rather than be paid on a current basis, be accrued and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such stock Units.

(iv) Termination of Service. Upon Termination of Service during the applicable deferral period or portion thereof to which forfeiture conditions apply, or upon failure to satisfy any other conditions precedent to the delivery of Common Shares or cash to which such Restricted Stock Units relate, all Restricted Stock Units and any accrued but unpaid Dividend Equivalents with respect to such Restricted Stock Units that are then subject to deferral or restriction shall be forfeited; provided that, subject to the limitations set forth in Section 7(b), the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock Units will be waived in whole or in part in the event of termination resulting from specified causes, and the Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock Units.

(v) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of stock Units, provided they are not inconsistent with the Plan.

(i) **Performance Shares and Performance Units**.

(i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards in the form of Performance Shares and Performance Units. Performance Shares, as that term is used in this Plan, shall refer to Common Shares or Units that are expressed in terms of Common Shares, the issuance, vesting, lapse of restrictions on or payment of which is contingent on performance as measured against predetermined objectives over a specified Performance Period. Performance Units, as that term is used in this Plan, shall refer to dollar-denominated Units valued by reference to designated criteria established by the Administrator, other than Common Shares, the issuance, vesting, lapse of restrictions on or payment of which is contingent on performance as measured against predetermined objectives over a specified Performance Period. The applicable Award Agreement shall specify whether Performance Shares and Performance Units will be settled or paid in cash or Common Shares or a combination of both, or shall reserve to the Administrator or the Participant the right to make that determination prior to or at the payment or settlement date.

(ii) Performance Criteria. The Administrator shall, prior to or at the time of grant, condition the grant, vesting or payment of, or lapse of restrictions on, an Award of Performance Shares or Performance Units upon (A) the attainment of Performance Criteria during a Performance Period or (B) the attainment of Performance Criteria and the continued service of the Participant. The length of the Performance Period, the Performance Criteria to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Criteria have been attained shall be conclusively determined by the Administrator in the exercise of its absolute discretion. Performance Criteria may include minimum, maximum and target levels of performance, with the size of the Award or payout of Performance Shares or Performance Units or the vesting or lapse of restrictions with respect thereto based on the level attained. An Award of Performance Shares or Performance Units shall be settled as and when the Award vests or at a later time specified in the Award Agreement or in accordance with an election of the Participant, if the Administrator so permits, that meets the requirements of Section 409A of the Code.

(iii) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of Performance Shares or Performance Units, provided they are not inconsistent with the Plan.

(j) **Other Stock-Based Awards**. The Administrator may from time to time grant to Eligible Individuals Awards in the form of Other Stock-Based Awards. Other Stock-Based Awards in the form of Dividend Equivalents may be (A) awarded on a free-standing basis or in connection with another Award other than a stock option or stock appreciation right, (B) paid currently or credited to an account for the Participant, including the reinvestment of such credited amounts in Common Shares equivalents, to be paid on a deferred basis, and (C) settled in cash or Common Shares as determined by the Administrator; provided, however, that Dividend Equivalents payable on Other Stock-Based Awards that are granted as a Performance Award shall, rather than be paid on a current basis, be accrued and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such Other Stock-Based Awards. Any such settlements, and any such crediting of Dividend Equivalents, may be subject to such conditions, restrictions and contingencies as the Administrator shall establish.

(k) **Awards to Participants Outside the United States**. The Administrator may grant Awards to Eligible Individuals who are foreign nationals, who are located outside the United States or who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause CWHI or a Subsidiary to be subject to) tax, legal or regulatory provisions of countries or jurisdictions outside the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Administrator, be necessary or desirable in order that any such Award shall conform to laws, regulations, and customs of the country or jurisdiction in which the Participant is then resident or primarily employed or to foster and promote achievement of the purposes of the Plan.

(l) **Limitation on Dividend Reinvestment and Dividend Equivalents**. Reinvestment of dividends in additional Restricted Stock at the time of any dividend payment, and the payment of Common Shares with respect to dividends to Participants holding Awards of stock Units, shall only be permissible if sufficient shares are available under the Share Pool for such reinvestment or payment (taking into account then outstanding Awards). In the event that sufficient shares are not available under the Share Pool for such reinvestment or payment, such reinvestment or payment shall be made in the form of a grant of stock Units equal in number to the Common Shares that would have been obtained by such payment or reinvestment, the terms of which stock Units shall provide for settlement in cash and for Dividend Equivalent reinvestment in further stock Units on the terms contemplated by this Section 7(l).

8. <u>Withholding of Taxes.</u>

Participants and holders of Awards shall pay to CWHI or its Affiliate, or make arrangements satisfactory to the Administrator for payment of, any Tax Withholding Obligation in respect of Awards granted under the Plan no later than the date of the event creating the tax or social insurance contribution liability. The obligations of CWHI under the Plan shall be conditional on such payment or arrangements. Unless otherwise determined by the Administrator, and subject always to applicable law, Tax Withholding Obligations may be settled in whole or in part with Common

Shares, including unrestricted outstanding shares surrendered to CWHI and unrestricted shares that are part of the Award that gives rise to the Tax Withholding Obligation, having a Fair Market Value on the date of surrender or withholding equal to the statutory minimum amount (or such greater amount permitted under FASB Accounting Standards Codification Topic 718, *Compensation - Stock Compensation*, for equity-classified awards) required to be withheld for tax or social insurance contribution purposes, all in accordance with such procedures as the Administrator establishes. CWHI or its Affiliate may deduct, to the extent permitted by law, any such Tax Withholding Obligations from any payment of any kind otherwise due to the Participant or holder of an Award.

9. Transferability of Awards.

(a) **Requirement for Administrator Permission**. Except as otherwise determined by the Administrator, and in any event in the case of an Incentive Stock Option or a tandem stock appreciation right granted with respect to an Incentive Stock Option, no Award granted under the Plan shall be transferable by a Participant otherwise than by will or the laws of descent and distribution. The Administrator shall not permit any transfer of an Award for value except to the Company or in connection with a Change in Control. An Award may be exercised during the lifetime of the Participant, only by the Participant or, during the period the Participant is under a legal disability, by the Participant's guardian or legal representative, unless otherwise determined by the Administrator. Awards granted under the Plan shall not be subject in any manner to alienation, anticipation, sale, transfer, assignment, pledge, or encumbrance, except as otherwise determined by the Administrator; provided, however, that the restrictions in this sentence shall not apply to the Common Shares received in connection with an Award after the date that the restrictions on transferability of such shares set forth in the applicable Award Agreement have lapsed. Nothing in this paragraph shall be interpreted or construed as overriding the terms of any CWHI stock ownership or retention policy, now or hereafter existing, that may apply to the Participant or Common Shares received under an Award.

(b) **Administrator Discretion to Permit Transfers Other Than For Value**. Except as otherwise restricted by applicable law, the Administrator may, but need not, permit an Award, other than an Incentive Stock Option or a tandem stock appreciation right granted with respect to an Incentive Stock Option, to be transferred to a Participant's Family Member (as defined below) as a gift or pursuant to a domestic relations order in settlement of marital property rights. The Administrator shall not permit any transfer of an Award for value except to the Company or in connection with a Change in Control. For purposes of this Section 9, "Family Member" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty percent (50%) of the voting interests. The following transactions are not prohibited transfers for value: (i) a transfer under a domestic relations order in settlement of marital property rights; and (ii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Participant) in exchange for an interest in that entity.

10. Adjustments for Corporate Transactions and Other Events.

(a) **Mandatory Adjustments**. In the event of a merger, consolidation, stock rights offering, statutory share exchange or similar event affecting CWHI (each, a "**Corporate Event**") or a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination or subdivision, or recapitalization or similar event affecting the capital structure of CWHI (each, a "**Share Change**") that occurs at any time after adoption of this Plan by the Board (including any such Corporate Event or Share Change that occurs after such adoption and coincident with or prior to the Effective Date), the Administrator shall, with the approval of the Exchange or the shareholders of the Company (if required), make equitable and appropriate substitutions or proportionate adjustments to (i) the aggregate number and kind of Common Shares or other securities on which Awards under the Plan may be granted to Eligible Individuals, (ii) the maximum number of Common Shares or other securities with respect to which Awards may be granted during any one calendar year to any individual, (iii) the maximum number of Common Shares or other securities that may be issued with respect to Incentive Stock Options granted under the Plan, (iv) the number of Common Shares or other securities covered by each outstanding Award and the exercise price, base price or other price per share, if any, and other relevant terms of each outstanding Award, and (v) all other numerical limitations relating to Awards, whether contained in this Plan or in Award Agreements; provided, however, that any fractional shares resulting from any such adjustment shall be eliminated; and, provided further, that in no event shall the exercise price per Common Share of a stock option or stock appreciation right, or subscription price per Common Share or any other Award, be reduced to an amount that is lower than the par value of a Common Share.

(b) **Discretionary Adjustments**. In the case of a Corporate Event, the Administrator may, with the approval of the Exchange or the shareholders of the Company (if required), make such other adjustments to outstanding Awards as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Awards in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Administrator in its sole discretion (it being understood that in the case of a Corporate Event with respect to which shareholders of CWHI receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Administrator that the value of a stock option or stock appreciation right shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Common Share pursuant to such Corporate Event over the exercise price or base price of such stock option or stock appreciation right shall conclusively be deemed valid and that any stock option or stock appreciation right may be cancelled for no consideration upon a Corporate Event if its exercise price or base price equals or exceeds the value of the consideration being paid for each Common Share pursuant to such Corporate Event), (ii) the substitution of securities or other property (including, without limitation, cash or other securities of CWHI and securities of entities other than CWHI) for the Common Shares subject to outstanding Awards, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the Administrator, of the surviving or successor entity or a parent thereof ("**Substitute Awards**").

(c) **Adjustments to Performance Criteria**. The Administrator may, in its discretion, adjust the Performance Criteria applicable to any Awards to reflect any unusual or infrequently occurring event or transaction, impact of charges for restructurings, discontinued operations and the cumulative effects of accounting or tax changes, each as defined by generally accepted accounting principles or as identified in CWHI's consolidated financial statements, notes to the consolidated financial statements, management's discussion and analysis or other CWHI filings with the Securities and Exchange Commission. If the Administrator determines that a change in the business, operations, corporate structure or capital structure of CWHI or the applicable subsidiary, business segment or other operational unit of CWHI or any such entity or segment, or the manner in which any of the foregoing conducts its business, or other events or circumstances, render the Performance Criteria to be unsuitable, the Administrator may modify such Performance Criteria or the related minimum acceptable level of achievement, in whole or in part, as the Administrator deems appropriate and equitable.

(d) **Statutory Requirements Affecting Adjustments**. Notwithstanding the foregoing: (A) any adjustments made pursuant to Section 10 to Awards that are considered "deferred compensation" within the meaning of Section 409A of the Code shall be made in compliance with the requirements of Section 409A of the Code; (B) any adjustments made pursuant to Section 10 to Awards that are not considered "deferred compensation" subject to Section 409A of the Code shall be made in such a manner as to ensure that after such adjustment, the Awards either (1) continue not to be subject to Section 409A of the Code or (2) comply with the requirements of Section 409A of the Code; (C) in any event, the Administrator shall not have the authority to make any adjustments pursuant to Section 10 to the extent the existence of such authority would cause an Award that is not intended to be subject to Section 409A of the Code at the date of grant to be subject thereto; and (D) any adjustments made pursuant to Section 10 to Awards that are Incentive Stock Options shall be made in compliance with the requirements of Section 424 (a) of the Code.

(e) **Dissolution or Liquidation**. Unless the Administrator determines otherwise, all Awards outstanding under the Plan shall terminate upon the dissolution or liquidation of CWHI.

11. Change in Control Provisions.

(a) **Termination of Awards**. Notwithstanding the provisions of Section 11(b), in the event that any transaction resulting in a Change in Control occurs, outstanding Awards will terminate upon the effective time of such Change in Control unless provision is made in connection with the transaction for the continuation or assumption of such Awards by, or for the issuance therefor of Substitute Awards of, the surviving or successor entity or a parent thereof. Solely with respect to Awards that will terminate as a result of the immediately preceding sentence and except as otherwise provided in the applicable Award Agreement:

(i) the outstanding Awards of stock options and stock appreciation rights that will terminate upon the effective time of the Change in Control shall, immediately before the effective time of the Change in Control, become fully exercisable and the holders of such Awards will be permitted, immediately before the Change in Control, to exercise the Awards;

(ii) the outstanding shares of Restricted Stock the vesting or restrictions on which are then solely time-based and not subject to achievement of Performance Criteria shall, immediately before the effective time of the Change in Control, become fully vested, free of all transfer and lapse restrictions and free of all risks of forfeiture;

(iii) the outstanding shares of Restricted Stock the vesting or restrictions on which are then subject to and pending achievement of Performance Criteria shall, immediately before the effective time of the Change in Control and unless the Award Agreement provides for vesting or lapsing of restrictions in a greater amount upon the occurrence of a Change in Control, become vested, free of transfer and lapse restrictions and risks of forfeiture in such amounts as if the applicable Performance Criteria for the unexpired Performance Period had been achieved at the target level set forth in the applicable Award Agreement;

(iv) the outstanding Restricted Stock Units, Performance Shares and Performance Units the vesting, earning or settlement of which is then solely time-based and not subject to or pending achievement of Performance Criteria shall, immediately before the effective time of the Change in Control, become fully earned and vested and shall be settled in cash or Common Shares (consistent with the terms of the Award Agreement after taking into account the effect of the Change in Control transaction on the shares) as promptly as is practicable, subject to any applicable limitations imposed thereon by Section 409A of the Code; and

(v) the outstanding Restricted Stock Units, Performance Shares and Performance Units the vesting, earning or settlement of which is then subject to and pending achievement of Performance Criteria shall, immediately before the effective time of the Change in Control and unless the Award Agreement provides for vesting, earning or settlement in a greater amount upon the occurrence of a Change in Control, become vested and earned in such amounts as if the applicable Performance Criteria for the unexpired Performance Period had been achieved at the target level set forth in the applicable Award Agreement and shall be settled in cash or Common Shares (consistent with the terms of the Award Agreement after taking into account the effect of the Change in Control transaction on the shares) as promptly as is practicable, subject to any applicable limitations imposed thereon by Section 409A of the Code.

Implementation of the provisions of this Section 11(a) shall be conditioned upon consummation of the Change in Control.

(b) **Continuation, Assumption or Substitution of Awards**. The administrator may specify, on or after the date of grant, in an award agreement or amendment thereto, the consequences of a Participant's Termination of Service that occurs coincident with or following the occurrence of a Change in Control, if a Change in Control occurs under which provision is made in connection with the transaction for the continuation or assumption of outstanding Awards by, or for the issuance therefor of Substitute Awards of, the surviving or successor entity or a parent thereof.

(c) **Other Permitted Actions**. In the event that any transaction resulting in a Change in Control occurs, the Administrator may take any of the actions set forth in Section 10 with respect to any or all Awards granted under the Plan.

(d) **Section 409A Savings Clause**. Notwithstanding the foregoing, if any Award is considered to be a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, this Section 11 shall apply to such Award only to the extent that its application would not result in the imposition of any tax or interest or the inclusion of any amount in income under Section 409A of the Code.

12. Substitution of Awards in Mergers and Acquisitions.

Awards may be granted under the Plan from time to time in substitution for assumed awards held by employees, officers, consultants or directors of entities who become employees, officers, consultants or directors of CWHI or a Subsidiary as the result of a merger or consolidation of the entity for which they perform services with CWHI or a Subsidiary, or the acquisition by CWHI of the assets or stock of the such entity. The terms and conditions of any Awards so granted may vary from the terms and conditions set forth herein to the extent that the Administrator deems appropriate at the time of grant to conform the Awards to the provisions of the assumed awards for which they are substituted and to preserve their intrinsic value as of the date of the merger, consolidation or acquisition transaction. To the extent permitted by applicable law and marketplace or listing rules of the primary securities market or exchange on which the Common Shares are listed or admitted for trading, any available shares under a shareholder-approved plan of an acquired company (as appropriately adjusted to reflect the transaction) may be used for Awards granted pursuant to this Section 12 and, upon such grant, shall not reduce the Share Pool.

13. Compliance with Securities Laws; Listing and Registration.

(a) The obligation of CWHI to sell or deliver Common Shares with respect to any Award granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal, state or foreign (non-United States) securities laws, or foreign (non-United States) securities laws and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Administrator. If at any time the Administrator determines that the delivery of Common Shares under the Plan is or may be unlawful under the laws of any applicable jurisdiction, or federal, state or foreign (non-United States) securities laws, the right to exercise an Award or receive Common Shares pursuant to an Award shall be suspended until the Administrator determines that such delivery is lawful. If at any time the Administrator determines that the delivery of Common Shares under the Plan would or may violate the rules of any exchange on which CWHI's securities are then listed for trading, the right to exercise an Award or receive Common Shares pursuant to an Award shall be suspended until the Administrator determines that such delivery would not violate such rules. If the Administrator determines that the exercise or nonforfeitability of, or delivery of benefits pursuant to, any Award would violate any applicable provision of securities laws or the listing requirements of any stock exchange upon which any of CWHI's equity securities are listed, then the Administrator may postpone any such exercise, nonforfeitability or delivery, as applicable, but CWHI shall use all reasonable efforts to cause such exercise, nonforfeitability or delivery to comply with all such provisions at the earliest practicable date. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares under the Plan shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained.

(b) Each Award is subject to the requirement that, if at any time the Administrator determines, in its absolute discretion, that the listing, registration or qualification of Common Shares issuable pursuant to the Plan is required by any securities exchange or under any state, federal or foreign (non-United States) law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Award or the issuance of Common Shares, no such Award shall be granted or payment made or Common

Shares issued, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Administrator.

(c) In the event that the disposition of Common Shares acquired pursuant to the Plan is not covered by a then current registration statement under the *Securities Act of 1933*, as amended (the "*Securities Act*"), and is not otherwise exempt from such registration, such Common Shares shall be restricted against transfer to the extent required by the Securities Act or regulations thereunder, and the Administrator may require a person receiving Common Shares pursuant to the Plan, as a condition precedent to receipt of such Common Shares, to represent to CWHI in writing that the Common Shares acquired by such person is acquired for investment only and not with a view to distribution and that such person will not dispose of the Common Shares so acquired in violation of federal, state or foreign securities laws and furnish such information as may, in the opinion of counsel for the Company, be appropriate to permit the Company to issue the Common Shares in compliance with applicable federal, state or foreign securities laws. If applicable, all certificates representing such Common Shares shall bear applicable legends as required by federal, state or foreign securities laws or stock exchange regulation.

14. Section 409A Compliance.

It is the intention of CWHI that any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code shall comply in all respects with the requirements of Section 409A of the Code to avoid the imposition of any tax or interest or the inclusion of any amount in income pursuant to Section 409A of the Code, and the terms of each such Award shall be construed, administered and deemed amended, if applicable, in a manner consistent with this intention. Notwithstanding the foregoing, neither CWHI nor any of its Affiliates nor any of its or their directors, officers, employees, agents or other service providers will be liable for any taxes, penalties or interest imposed on any Participant or other person with respect to any amounts paid or payable (whether in cash, Common Shares or other property) under any Award, including any taxes, penalties or interest imposed under or as a result of Section 409A of the Code. Any payments described in an Award that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. For purposes of any Award, each amount to be paid or benefit to be provided to a Participant that constitutes deferred compensation subject to Section 409A of the Code shall be construed as a separate identified payment for purposes of Section 409A of the Code. For purposes of Section 409A of the Code, the payment of Dividend Equivalents under any Award shall be construed as earnings and the time and form of payment of such Dividend Equivalents shall be treated separately from the time and form of payment of the underlying Award. Notwithstanding any other provision of the Plan to the contrary, with respect to any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, any payments (whether in cash, Common Shares or other property) to be made with respect to the Award that become payable on account of the Participant's separation from service, within the meaning of Section 409A of the Code, while the Participant is a "specified employee" (as determined in accordance with the uniform policy adopted by the Administrator with respect to all of the arrangements subject to Section 409A of the Code maintained by CWHI and its Affiliates) and which would otherwise be paid within six months after the Participant's separation from service shall be accumulated (without interest) and paid on the first day of the seventh month following the Participant's separation from service or, if earlier, within 15 days after the appointment of the personal representative or executor of the Participant's estate following the Participant's death. Notwithstanding anything in the Plan or an Award Agreement to the contrary, in no event shall the Administrator exercise its discretion to accelerate the payment or settlement of an Award where such payment or settlement constitutes deferred compensation within the meaning of Code section 409A unless, and solely to the extent that, such accelerated payment or settlement is permissible under Treasury Regulation section 1.409A-3(j)(4).

15. Plan Duration; Amendment and Discontinuance.

(a) **Plan Duration**. The Plan shall remain in effect, subject to the right of the Board or the Compensation Committee to amend or terminate the Plan at any time, until the (a) earliest date as of which all Awards granted under the Plan have been satisfied in full or terminated and no Common Shares approved for issuance under the Plan remain available to be granted under new Awards or (b) the tenth anniversary of the Effective Date. No Awards shall be granted under the Plan after such termination date. Subject to other applicable provisions of the Plan, all Awards made under the Plan on or before the tenth anniversary of the Effective Date, or such earlier termination of the

Plan, shall remain in effect until such Awards have been satisfied or terminated in accordance with the Plan and the terms of such Awards.

(b) **Amendment and Discontinuance of the Plan**. The Board or the Compensation Committee may, without shareholder approval, amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would materially impair the rights of a Participant with respect to a previously granted Award without such Participant's consent, except such an amendment made to comply with applicable law or rule of any securities exchange or market on which the Common Shares are listed or admitted for trading or to prevent adverse tax or accounting consequences to CWHI or the Participant. Notwithstanding the foregoing, no such amendment shall be made without the approval of CWHI's shareholders to the extent such amendment would: (i) increase in the maximum number of Common Shares that may be made the subject of Awards under the Plan; (ii) increase in the limits on Awards that may be granted to any Participant under Section 5(e); (iii) revise Section 9 to permit Awards granted under the Plan to be transferable or assignable other than by will, the laws of descent and distribution or in settlement of marital property rights; (iv) add to the categories of persons eligible to participate in this Plan; (v) eliminate or modify the prohibition set forth in Section 7(f) on repricing of stock options and stock appreciation rights, (vi) extend the term of an outstanding stock option or stock appreciation right beyond the expiry date thereof; (vii) modify the prohibition on the issuance of reload or replenishment options; or (viii) revise the amending provisions set forth in this Section 15(b). Except as otherwise determined by the Board or Compensation Committee, termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

(c) **Amendment of Awards**. Subject to Section 7(f), the Administrator may unilaterally amend the terms of any Award theretofore granted, but no such amendment shall materially impair the rights of any Participant with respect to an Award without the Participant's consent, except such an amendment made to cause the Plan or Award to comply with applicable law, applicable rule of any securities exchange on which the Common Shares are listed or admitted for trading, or to prevent adverse tax or accounting consequences for the Participant or the Company or any of its Affiliates. For purposes of the foregoing sentence, an amendment to an Award that results in a change in the tax consequences of the Award to the Participant shall not be considered to be a material impairment of the rights of the Participant and shall not require the Participant's consent.

16. General Provisions.

(a) **Non-Guarantee of Employment or Service**. Nothing in the Plan or in any Award Agreement thereunder shall confer any right on an individual to continue in the service of CWHI or any Affiliate or shall interfere in any way with any right of CWHI or any Affiliate may have to terminate such service at any time with or without cause or notice and whether or not such termination results in (i) the failure of any Award to vest or become payable; (ii) the forfeiture of any unvested or vested portion of any Award; and/or (iii) any other adverse effect on the individual's interests under any Award or the Plan. No person, even though deemed an Eligible Individual, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. To the extent that an Eligible Individual who is an employee of a Subsidiary receives an Award under the Plan, that Award shall in no event be understood or interpreted to mean that CWHI is the Participant's employer or that the Participant has an employment relationship with CWHI.

(b) **No Trust or Fund Created**. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between CWHI and a Participant or any other person. To the extent that any Participant or other person acquires a right to receive payments from CWHI pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of CWHI.

(c) **Status of Awards**. Awards shall be special incentive payments to the Participant and shall not be taken into account in computing the amount of salary or compensation of the Participant for purposes of determining any pension, retirement, death, severance or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance, severance or other employee benefit plan of CWHI or any Affiliate now or hereafter in effect under which the availability or amount of benefits is related to the level of compensation or (b) any agreement between (i) CWHI or any Affiliate and (ii) the Participant, except as such plan or agreement shall otherwise expressly provide.

(d) **Subsidiary Employees**. In the case of a grant of an Award to an Eligible Individual who provides services to any Subsidiary, CWHI may, if the Administrator so directs, issue or transfer the Common Shares, if any, covered by the Award to the Subsidiary, for such lawful consideration as the Administrator may specify, upon the condition or understanding that the Subsidiary will transfer the Common Shares to the Eligible Individual in accordance with the terms of the Award specified by the Administrator pursuant to the provisions of the Plan. All Common Shares underlying Awards that are forfeited or canceled after such issue or transfer of shares to the Subsidiary shall revert to CWHI.

(e) **Governing Law and Interpretation**. The validity, construction and effect of the Plan, of Award Agreements entered into pursuant to the Plan, and of any rules, regulations, determinations or decisions made by the Administrator relating to the Plan or such Award Agreements, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with the laws of British Columbia and the laws of Canada applicable therein without regard to its conflict of laws principles. The captions of the Plan are not part of the provisions hereof and shall have no force or effect. Except where the context otherwise requires: (i) the singular includes the plural and vice versa; (ii) a reference to one gender includes other genders; (iii) a reference to a person includes a natural person, partnership, corporation, association, governmental or local authority or agency or other entity; and (iv) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

(f) **Use of English Language**. The Plan, each Award Agreement, and all other documents, notices and legal proceedings entered into, given or instituted pursuant to an Award shall be written in English, unless otherwise determined by the Administrator. If a Participant receives an Award Agreement, a copy of the Plan or any other documents related to an Award translated into a language other than English, and if the meaning of the translated version is different from the English version, the English version shall control.

(g) **Recovery of Amounts Paid**. Except as otherwise provided by the Administrator, Awards granted under the Plan shall be subject to any and all policies, guidelines, codes of conduct, or other agreement or arrangement adopted by the Board or Compensation Committee with respect to the recoupment, recovery or clawback of compensation (collectively, the "**Recoupment Policy**") and/or to any provisions set forth in the applicable Award Agreement under which CWHI may recover from current and former Participants any amounts paid or Common Shares issued under an Award and any proceeds therefrom under such circumstances as the Administrator determines appropriate. The Administrator may apply the Recoupment Policy to Awards granted before the policy is adopted to the extent required by applicable law or rule of any securities exchange or market on which Common Shares are listed or admitted for trading, as determined by the Administrator in its sole discretion.

APPENDIX C

BOARD MANDATE

BOARD OF DIRECTORS' MANDATE
AUGUST 22, 2018
CHARLOTTE'S WEB HOLDINGS, INC.

The Board of Directors (the "**Board**") of Charlotte's Web Holdings, Inc. (the "**Company**") is responsible under law to supervise the management of the business and affairs of the Company. The Board has the statutory authority and obligation to protect and enhance the assets of the Company.

The principal mandate of the Board is to oversee the management of the business and affairs of the Company, and monitor the performance of management.

In keeping with generally accepted corporate governance practices and the recommendations contained in National Policy 58-201 adopted by the Canadian Securities Administrators, and the requirements of any stock exchange on which the Company's securities are listed, the Board assumes responsibility for the stewardship of the Company and, as part of the overall stewardship responsibility, explicitly assumes responsibility for the following:

1. Independence

The Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chairman and/or Lead Director, appointing Board committees and determining directors' compensation. While it is appropriate to confer with the management on the selection of candidates to be nominated as members of the Board, the ultimate selection shall be determined by the existing independent members of the Board. The Chairman of the Board should be an independent director, and where this is not appropriate, an independent director should be appointed to act as Lead Director.

In that the Board must develop and voice objective judgment on corporate affairs, independently of the management, practices promoting Board independence will be pursued. This includes constituting the Board with a majority of independent and unrelated directors. Certain tasks suited to independent judgments will be delegated to specialized committees of the Board that are comprised exclusively of outside directors and at least a majority of unrelated directors.

The Board will evaluate its own performance in a continuing effort to improve. For this purpose, the Board will establish criteria for Board and Board member performance, and pursue a self-evaluation process for evaluating both overall Board performance and contributions of individual directors.

2. Leadership in Corporate Strategy

The Board ultimately has the responsibility to oversee the development and approval of the mission of the Company, its goals and objectives, and the strategy by which these objectives will be reached. In guiding the strategic choices of the Company, the Board must understand the inherent prospects and risks of such strategic choices.

While the leadership for the strategic planning process comes from the management of the Company, the Board shall bring objectivity and a breadth of judgment to the strategic planning process and will ultimately approve the strategy developed by management as it evolves.

The Board is responsible for monitoring management's success in implementing the strategy and monitoring the Company's progress to achieving its goals; revising and altering direction in light of changing circumstances.

The Board has the responsibility to ensure congruence between the strategic plan and management's performance.

3. Management of Risk

The Board shall understand the principal risks of all aspects of the business in which the Company is engaged, recognizing that business decisions require the incurrence of risk. The Board is responsible for providing a balance between risks incurred and the potential returns to shareholders of the Company. This requires that the Board ensure that systems are in place to effectively monitor and manage risks with a view to the long-term viability of the Company and its assets, and conduct an annual review of the associated risks.

4. Approach to Corporate Governance

The Company is committed to effective practices in corporate governance. The Company consistently assesses and adopts corporate governance measures. The Corporate Governance and Nominating Committee shall be responsible for disclosing the Company's approach to corporate governance in public disclosure documents.

5. Oversight of Management

As the Board functions, the Board must ensure the execution of plans and operations are of the highest caliber. The key to the effective discharge of this responsibility is the approval of the appointment of the senior officers of the Company and the assessment of each senior officer's contribution to the achievement of the Company's strategy. In this respect, performance against objectives established by the Board is important, as is a formal process for determining the senior officers' compensation, in part, by using established criteria and objectives for measuring performance. To the extent feasible, the Board should also satisfy itself as to the integrity of the chief executive officer and other executive officers, and that such officers create a culture of integrity throughout the Company. "**Executive officer**" has the meaning set out in National Instrument 51-102 - *Continuous Disclosure Obligations*.

6. Succession Planning

On a regular basis, the Board shall review a succession plan, developed by management, addressing the policies and principles for selecting a successor to the Chief Executive Officer ("**CEO**") and other key senior management positions, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills, training and planned career paths for possible successors to the CEO currently in the Company's senior management.

7. Expectations and Responsibilities of Board Members

(a) *Commitment and Attendance*

All members of the Board should make every effort to attend all meetings of the Board and meetings of committees of which they are members, if any. Although attendance in person is encouraged, members may attend by telephone to mitigate schedule conflicts.

(b) *Participation in Meetings*

Each member of the Board should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves.

(c) *Financial Knowledge*

One of the most important roles of the Board is to monitor financial performance. Each member of the Board should know how to read financial statements, and should understand the use of financial ratios and other indices for evaluating financial performance.

(d) *Other Directorships*

The Company values the experiences Board members bring from other boards on which they serve, but recognizes that those boards may also present demands on a member's time and availability, and may also present conflicts of interest or other legal issues. Members of the Board should advise the Chair of the Corporate Governance and Nominating Committee before accepting any new membership on other boards of directors or any other significant commitment involving an affiliation with other related businesses or governmental units.

(e) *Contact with Management*

All members of the Board are invited to contact the CEO at any time to discuss any aspect of the Company's business. While respecting organizational relationships and lines of communication, members of the Board have complete access to other members of management. There shall be afforded frequent opportunities for members of the Board to meet with the CEO, CFO and other members of management in Board and committee meetings and in other formal or informal settings.

(f) *Confidentiality*

The proceedings and deliberations of the Board and its committees are confidential. Each member of the Board shall maintain the confidentiality of information received in connection with his or her services.

(g) *Preparation for Meetings*

All members of the Board should make every effort to review all meeting materials prior to meetings of the Board and meetings of committees of which they are members.

8. Shareholder Communications and Disclosure

The Board is responsible to ensure that the Company has policies in place to ensure effective and timely communication and disclosure to the shareholders of the Company, other stakeholders and the public in general. This communication and disclosure policy must effectively and fairly present the operations of the Company to shareholders and should accommodate feedback from shareholders, which should be considered into future business decisions.

The Board has the responsibility for ensuring that the financial performance of the Company is reported to shareholders on a timely and regular basis and for ensuring that such financing results are reported fairly, in accordance with generally accepted accounting principles.

The Board has the responsibility for ensuring that procedures are in place to effect the timely reporting of any developments that have a significant and material impact on the value of shareholder assets.

The Board has the responsibility for reporting annually to shareholders on its stewardship for the preceding year.

9. Integrity of Corporate Control and Management Information Systems

To effectively discharge its duties, the Board shall ensure that the Company has in place effective control and information systems so that it can track those criteria needed to monitor the implementation of the Company's strategy.

Similarly, in reviewing and approving financial information, the Board shall ensure that the Company has an audit system, which can inform the Board of the integrity of the data and compliance of the financial information with generally accepted accounting principles.

The Board's management of the important areas of corporate conduct, such as the commitment of the Company's assets to different businesses or material acquisitions, shall also be supported by effective control and information systems.

10. Legal Requirements

The Board is responsible for ensuring that routine legal requirements, documents, and records have been properly prepared, approved and maintained by the Company.

11. Board Delegation to Committees

The Board may delegate specific responsibilities to committees of the Board in order to effectively manage the affairs of the Company.

12. Limitation

The foregoing is (i) subject to and without limitation of the requirement that in exercising their powers and discharging their duties, the members of the Board act honestly and in good faith with a view to the best interests of the Company; and (ii) subject to, and not in expansion of the requirement, that in exercising their powers and discharging their duties the members of the Board exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

13. Assessments

The members of the Board will collectively assess the performance of the Board as a whole, the committees of the Board and all directors with reference to their respective mandates, charters or terms of reference. Individual directors will be assessed with reference to any applicable position descriptions, as well as the competencies and skills that each director is expected to bring to the Board.

Unless otherwise determined by the Board, such assessment will occur informally and on an annual basis, with an emphasis on the overall effectiveness and contributions made by the Board as a whole, the committees of the Board and all directors individually.