



## HIGH ARCTIC ENERGY SERVICES INC.

### REMUNERATION COMMITTEE TERMS OF REFERENCE

#### 1. Constitution

Pursuant to the bylaws of High Arctic Energy Services Inc. (the “**Corporation**” or “**High Arctic**”) and resolutions of the Board of Directors of the Corporation (the “**Board**”) and in intended compliance with applicable corporate and securities laws and the requirements of each stock exchange upon which securities of the Corporation are traded, it has been agreed to establish a committee of the Board, to be called the Remuneration Committee (the “**Committee**”).

#### 2. Mandate

The mandate of the Committee shall be to determine and apply policy on behalf of the Board to the remuneration and benefits of directors, officers and other senior executives and to ensure compliance with best practice (including reporting to shareholders).

#### 3. Membership

- (1) Members of the Committee shall be appointed by the Board, on recommendation of the Governance and Nominating Committee, in consultation with the Chairman of the Remuneration Committee (the “**Chairman of the Committee**”). The Committee shall be made up of at least three members, all of whom are non-executive directors. The Chairman of the Board may also serve on the Committee as an additional member provided he or she is considered independent.
- (2) Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- (3) Appointments to the Committee shall normally be for a period of three years, which may be extended for further three-year periods, provided the director concerned remains eligible.
- (4) The Board shall appoint the Committee Chairman who shall be a non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

#### 4. Secretary

The Committee shall appoint a member to act as Secretary.

#### 5. Quorum

The quorum necessary for the transaction of business shall be a majority of the members of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable

by the Committee.

## **6. Meetings**

The Committee shall endeavour to meet at least twice a year and at such other times as the Chairman of the Committee shall require.

## **7. Notice of Meetings**

- (1) Meetings of the Committee shall be called by the Chairman of the Committee, at the request of any of its members.
- (2) Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than two working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **8. Minutes of Meetings**

- (1) The Secretary shall minute the resolutions of all Committee meetings, including the names of those present and in attendance.
- (2) Any minutes of the Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

## **9. Annual General Meeting**

The Chairman of the Committee or another Committee member nominated by him shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **10. Duties**

The Committee shall:

- (1) Determine and agree with the Board framework or broad policy for the remuneration of the Corporation's Chief Executive Officer, Chairman of the Board, Lead Director (if applicable), and such other members of the executive management as it is designated to consider (the "**Remuneration Policy**"). The remuneration of non-executive directors shall be a matter for the Chairman and Governance and Nominating Committee; however, the Committee shall be responsible for making recommendations to the Board in regards to the remuneration of non-executive directors. No director or officer shall be involved in any decisions as to their own remuneration;
- (2) In determining the Remuneration Policy, take into account all factors which it deems necessary. The objective of the Remuneration Policy shall be to ensure that members of the executive management of the Corporation are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Corporation;

- (3) Review the ongoing appropriateness and relevance of the Remuneration Policy;
- (4) Approve the design of, and determine targets for, any performance-related pay arrangements operated by the Corporation and approve the total annual payments made under such arrangements;
- (5) Review the design of all securities-based compensation arrangements for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to directors, officers and other senior executives, the performance targets to be used and the form of agreement in respect of the grant of any securities-based compensation;
- (6) Coordinate closely with the Governance and Nominating Committee in relation to the remuneration to be offered to any new director;
- (7) Review and recommend for approval, if the proposed remuneration is within the parameters of the Remuneration Policy, any written employment agreement of a member of the executive management;
- (8) Determine the policy for, and scope of, pension arrangements for each director, officer and other senior executives;
- (9) Review and recommend for approval any termination and severance arrangements in respect of officers of the Corporation;
- (10) Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Corporation, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- (11) Within the terms of the Remuneration Policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of each director, officer and other senior executives including bonuses, incentive payments and share option or other share awards;
- (12) In determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in National Policy 58-201 adopted by the Canadian Securities Administrators, the rules of the Toronto Stock Exchange and associated guidance;
- (13) Review and note annually the remuneration trends across the Corporation or group;
- (14) Oversee any major changes in employee benefits structures throughout the Corporation or group;
- (15) Review and recommend for approval the general terms of any annual bonus plans for non-executive managers.
- (16) Determine the policy for authorizing claims for expenses from the Chief Executive Officer and Chairman;

- (17) Ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
- (18) Review and recommend for approval disclosure provided in publicly-circulated documents, including the Corporation's annual proxy circular, in respect of remuneration of the directors and senior executives;
- (19) Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee; and
- (20) Obtain reliable, up-to-date information about remuneration in other comparable companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfill its obligations.

## **11. Reporting Responsibilities**

- (1) The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (2) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its mandate where action or improvement is needed.

## **12. Other**

The Committee shall periodically review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **13. Authority**

- (1) The Committee is authorized by the Board to seek any information it requires from any employee of the Corporation in order to perform its duties.
- (2) In connection with its duties the Committee is authorized by the Board to obtain, at the Corporation's expense, any outside legal or other professional advise, including the advice of independent remuneration consultants, to secure the attendance of external advisers at its meetings if it considers this necessary and to obtain reliable and up to date information about remuneration in other companies. Within any budgetary restraints imposed by the Board, the Committee shall have full authority to commission or purchase any reports, surveys or information which it deems necessary to help fulfill its obligations.