



## **CHARTER OF THE COMPENSATION COMMITTEE OF PROFIRE ENERGY, INC.**

### **MEMBERSHIP**

The Compensation Committee (the "**Committee**") of the board of directors (the "**Board**") of Profire Energy, Inc. (the "**Company**") shall consist of three or more directors appointed by the Board, upon recommendation of the Nominating and Corporate Governance Committee. One member of the Committee shall be appointed by the Board as the Chairperson. The members of the Committee shall serve for such term or terms as the Board may determine or until earlier resignation or death.

Each member of the Committee shall be independent in accordance with the provisions of Rule 10C-1(b)(1) under Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and the Nasdaq Listing Rules (the "**Nasdaq Rules**"). In determining the independence of each member of the Committee, the Board shall consider all factors relevant to whether the director has a relationship with the Company which may be material to their ability to be independent from management.

### **PURPOSE**

The purpose of the Committee is to carry out the responsibilities as delegated by the Board, as required by law, regulation, rule, or listing standard relating to the compensation of the Chief Executive Officer (the "**CEO**")<sup>1</sup> and the Company's other executive officers (collectively, including the CEO, the "**Executive Officers**"). The Committee has overall authority and responsibility for establishing, evaluating, and administering all compensation plans, policies and programs of the Company.

### **MEETINGS**

The Committee shall meet at least two times per year and as often as necessary to carry out its responsibilities. The Chairperson shall preside at each meeting. In the event the Chairperson is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting. The Committee shall be governed by the same rules regarding meetings as are applicable to the Board.

The Committee may invite such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and in all cases the CEO and any other Executive Officers shall not be present at meetings at which their compensation or performance is discussed.

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*1 For the purposes of this Committee Charter the term CEO shall also apply to any executive serving as a Co-CEO.*



## ***AUTHORITY AND RESPONSIBILITIES***

The Committee shall have the following authority and responsibilities:

To review and approve at least annually the corporate goals and objectives applicable to the compensation of the CEO, evaluate at least annually the CEO's performance in light of those goals and objectives, and approve or, if desired, recommend to the full Board for approval, the annual base salary and incentive compensation opportunities (collectively, "**Compensation**") of the CEO based on this evaluation. In evaluating and determining CEO Compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("**Say on Pay Vote**") required by Section 14A of the Exchange Act. The CEO shall not be present during any Committee deliberations or voting with respect to his or her Compensation.

To review and approve or, if desired, make recommendations to the Board for approval, the Compensation of all other Executive Officers. In evaluating and making recommendations regarding Compensation, the Committee shall consider the results of the most recent Say on Pay Vote.

To review and approve or, if desired, make recommendations to the Board for approval, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the Executive Officers.

To review and approve or, if desired, recommend to the Board for approval, incentive compensation plans and equity-based plans, and where appropriate or required, recommend for approval by the stockholders of the Company, which includes the ability to adopt, amend and terminate such plans. The Committee shall also have the authority to administer the Company's incentive compensation plans and equity-based plans, including designation of the employees to whom the awards are to be granted, the amount of the award or equity to be granted and the terms and conditions applicable to each award or grant, subject to the provisions of each plan. In reviewing and approving incentive compensation plans and equity-based plans, including whether to adopt, amend or terminate any such plans, the Committee shall consider the results of the most recent Say on Pay Vote.

To review and discuss with management the Compensation Discussion and Analysis ("**CD&A**") and the related executive compensation information required to be included in the Company's proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (the "**SEC**"), and, based on such review and discussion, determine whether or not to recommend that the CD&A be so included.

To produce the annual Compensation Committee Report for inclusion in the Company's proxy statement in compliance with the rules and regulations promulgated by the SEC.

To review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk.

To conduct an annual review and assessment of all Compensation paid by the Company to the non-employee directors, and to recommend to the Board, on the basis of such review and assessment, whether to make, on a prospective basis, any change in the Compensation payable to the non-employee directors.



To review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement. To monitor the Company's compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits applicable to Executive Officers.

To make regular reports to the Board.

To delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

To review this Committee's Charter (the "**Charter**") at least annually and recommend any proposed changes to the Board for approval.

## ***OUTSIDE ADVISORS***

The Committee shall have the authority, in its sole discretion, to select, retain, terminate, and obtain the advice of any advisor or compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of any such advisor or compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside legal counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor to the compensation committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

In retaining or seeking advice from compensation consultants, outside counsel and other advisors (other than the Company's in-house counsel), the Committee must take into consideration the following factors: (i) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser; (ii) the amount of fees paid by the Company to the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of that person's total revenue; (iii) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee; (v) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and (vi) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Executive Officer of the Company. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of Executive Officers or directors and that is generally available to all salaried employees or providing



information that is not customized for the Company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K. Any compensation consultant retained by the Committee to assist with its responsibilities relating to executive compensation shall not be retained by the Company for any compensation or other human resource matters.

### ***PERFORMANCE EVALUATION***

The Committee may conduct from time-to-time an evaluation of the performance of its duties under this Charter and present the results of the evaluation to the Board. The Committee may conduct this evaluation in such a manner as it deems appropriate.