

BOARD MANDATE AND CORPORATE GOVERNANCE GUIDELINES



The Board of Directors (the “**Board**”) of DIRTT Environmental Solutions Ltd. (the “**Company**”) has adopted this Board Mandate and Corporate Governance Guidelines to promote the effective functioning of the Board and its committees (the “**Committees**”), to promote the interests of the Company as a whole and to ensure a common set of expectations concerning how the Board, its Committees and management should perform their respective functions.

In this Board Mandate and Corporate Governance Guidelines, “applicable securities laws and exchange rules” refers to: (a) the *Securities Act* (Alberta) and the equivalent thereof in each province and territory of Canada in which the Company is a “reporting issuer” or equivalent thereof, together with the regulations, rules and blanket orders of the securities commission or similar regulatory authority in each of those jurisdictions; (b) the *United States Securities Act of 1933*, the *United States Securities Exchange Act of 1934* (the “U.S. Exchange Act”), and any rules or regulations thereunder; and (c) the rules of each of the Toronto Stock Exchange and The Nasdaq Stock Market LLC, to the extent any securities of the Company are listed on those exchanges.

01. ROLE OF THE BOARD AND MANAGEMENT.

The Company's business is conducted by its employees, managers and officers, under the direction of the Chief Executive Officer and the oversight of the Board, to enhance the long-term value of the Company for its shareholders. The Board is elected by the shareholders to oversee management and to act in the best interests of the Company as a whole. Both the Board and management recognize that the long-term interests of the Company and shareholders are advanced by responsibly addressing the concerns of other stakeholders and interested parties, including employees, recruits, customers, suppliers, communities in which the Company operates, government officials and the public at large.

02. FUNCTIONS OF THE BOARD.

The Board has four regularly scheduled meetings each year, at which it reviews and discusses reports by management on the Company's performance, business and prospects, as well as immediate issues facing the Company, and reviews and approves, as applicable, the annual and interim financial statements of the Company.

03. SELECTION OF CHAIRPERSON OF THE BOARD AND CHIEF EXECUTIVE OFFICER.

The Board shall select its Chairperson and the Company's Chief Executive Officer in any way it considers to be in the best interests of the Company.

When the Chairperson is an affiliated director or otherwise not independent under applicable securities laws, a member of the Company's management, or when the independent directors determine that it is in the best interests of the Company, the independent directors will appoint from among themselves a Lead Independent Director. The Lead Independent Director will: (a) preside at all meetings of the Board at which the Chairperson is not present; (b) preside over each meeting of non-employee Directors; (c) have the authority to call meetings of non-employee Directors; (d) serve as liaison between the Chairperson, the Chief Executive Officer and the non-employee Directors; (e) advise with respect to the Board's agenda; (f) ensure that the Board is able to function independently of management; (g) serve as the leader of the Board on matters of corporate governance; (h) if requested by major shareholders, ensure his or her availability for direct communication; (i) ensure that all Directors have an independent contact on matters of concern to them and ensure that the Board successfully discharges its fiduciary duties; (j) provide guidance on, and monitor, the independence of each Director to ensure the independence of the Board; (k) provide leadership to the Board if circumstances arise in which the Chairperson has, or may be perceived to have, a conflict; (l) ensure that functions delegated to Board committees are carried out as required and results are reported to the Board; (m) work with the Chairperson and Chief Executive Officer, including helping to review strategies, define issues, maintain accountability and build relationships; (n) in conjunction with the Corporate Governance and Compensation Committee, facilitate the review and assessment of individual Director attendance and performance and the size, composition and overall performance of the Board and its committees; (o) in collaboration with the Chairperson and the Secretary, ensure that information requested by Directors or Board committees is provided and meets their needs; and (p) together with the Chairperson, ensure the Directors are alert to their obligations to the Company, securityholders, management, other stakeholders and pursuant to applicable law. If the Chairperson is an independent director, then the duties for the Lead Independent Director described above shall be part of the duties of the Chairperson.

04. BOARD COMMITTEES.

The Board has established the following standing Committees to assist it in discharging its responsibilities: (a) Audit; (b) Corporate Governance and Compensation; (c) Enterprise Risk Management. The current charters of each Committee are published on the Company's website. Members of each of these Committees (including the Committee Chairs) are appointed by the Board, on the recommendation of the Corporate Governance and Compensation Committee. The Committee Chairs report the highlights of their meetings to the Board following each meeting of their respective Committees. The Committees may hold meetings in conjunction with the Board. The Board may, from time to time, establish additional committees.

05. SELECTION OF DIRECTORS.

The Board's Corporate Governance and Compensation Committee shall be responsible for identifying qualified individuals to become Board members and selecting or recommending to the Board director nominees for each meeting of the shareholders at which one or more directors will be elected and for vacancies the Board chooses to fill.

06. QUALIFICATIONS OF DIRECTORS.

Directors must have the highest personal and professional ethics, integrity and values. They must be committed to representing the best interests of the Company. They must have an objective perspective, practical wisdom, mature judgment and expertise, skills and knowledge useful to the oversight of the Company's business. The Company's goal is a Board that represents diverse experiences at policy-making levels in business and other areas relevant to the Company's activities, while encouraging a diversity of backgrounds, including with respect to gender, consistent with the Board's diversity policy.

Each director should be sufficiently familiar with the business of the Company to ensure active participation in the deliberations of the Board and each Committee on which the director serves. On request, management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. All directors shall be free to contact the Chief Executive Officer at any time to discuss any aspect of the Company's business, and shall have complete access to other employees of the Company.

The Company does not believe that arbitrary term limits on director's service are appropriate, nor does it believe that directors should expect to be re-nominated at the end of each term until they retire. The Board's self-evaluation process described below is an important factor in determining a Board member's tenure.

07. INDEPENDENCE STANDARDS.

A majority of the Board must be independent, within the meaning of applicable securities laws and exchange rules.

The Board will annually review the relationships between the Company and each director and determine which directors satisfy the applicable independence standards of the Board and of each Committee on which those directors serve under applicable securities laws and exchange rules.

08. SERVICE ON OTHER BOARDS.

Members of the Board may serve on the board of directors of other companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. A director seeking to serve on the board of directors or advisory board of another for-profit entity (whether public or private) should notify the Chairperson or Lead Director (if appointed).

Without prior approval of the Board, (a) directors may not serve on more than four other Boards of public companies in addition to the Company's Board, (b) directors who serve as the chief executive officers or in equivalent positions at any company (including the Company) may not serve on the board of more than one public company in addition to the Company's Board, and (c) no member of the Audit Committee may serve simultaneously on the audit committee of more than two other publicly companies, provided that a member who is a retired certified public accountant, chief financial officer, or controller (or has similar experience) may not serve simultaneously on the audit committee of more than three other publicly-traded companies.

09. DIRECTOR RESPONSIBILITIES.

Directors must perform the roles and functions described in this Board Mandate and Corporate Governance Guidelines and the charters of all Committees on which they serve. They must devote sufficient time and resources to carry out their duties and responsibilities effectively. They must make every effort to attend each meeting of the Board and all Committees on which they serve, and they must review all materials distributed to them in advance of each such meeting. In discharging responsibilities as a director, a director is entitled to rely in good faith on reports or other information provided by the Company's management, independent auditors, and other persons as to matters the director reasonably believes to be within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. Attendance by telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously may be used to facilitate a director's attendance. Directors must comply with all applicable laws, including the applicable securities laws and exchange rules and, with respect to their activities relating to the Company, the *Business Corporations Act* (Alberta) (the "ABCA").

10. MEETINGS OF NON-EMPLOYEE DIRECTORS; PRESIDING DIRECTOR.

At each regularly scheduled meeting of the Board, the non-employee directors shall also meet separately, without employees present. The Lead Independent Director will preside at such meetings. The non-employee directors may also meet without employees present at other times as determined by the Lead Independent Director. The non-employee directors include all directors who are not employees of the Company or any of its subsidiaries, whether or not they are "independent," as defined in these Guidelines. If the Chairperson is an independent director, then the duties for the Lead Independent Director described above shall be part of the duties of the Chairperson.

11. AGENDAS.

The agenda for each Board meeting shall be established by the Chairperson in collaboration with the Chief Executive Officer, taking into account input and suggestions from other members of the Board and senior management. The agenda for each Committee shall be established by the Chair of each Committee, in consultation with appropriate members of the Committee, advisors and senior management. Unless a Committee expressly determines otherwise, the agenda, materials and minutes for each Committee meeting shall be available to all directors, and all directors shall be free to attend any Committee meeting. All directors, whether or not members of the Committee, shall be free to make suggestions to a Committee Chair for additions to the agenda of the Chair's Committee or to request that an item from a Committee agenda be considered by the Board.

12. CODE OF CONDUCT AND ETHICS.

The Board expects the Company's directors, officers and employees to act ethically at all times and to adhere to the Company's Code of Conduct and Code of Ethics.

The Board will oversee and approve any waivers of the Code of Ethics sought by directors, executive officers, or other members of senior management. In reviewing any such waivers, the Board may consider the recommendations of the Corporate Governance and Compensation Committee. The Board will oversee that any waivers of the Code of Ethics are promptly disclosed to shareholders to the extent required by applicable securities laws and exchange rules. The Company will post and disclose the Code of Ethics as required by applicable securities laws and exchange rules.

13. COMPENSATION OF BOARD.

Periodically, the Board will determine the form and amount of non-employee director compensation, based on the review and recommendation of the Corporate Governance and Compensation Committee. [The Committee will be guided by three principles: (a) the compensation should fairly pay non-employee directors for the work required in light of the Company's size and scope; (b) compensation should align the directors' interests with the long-term best interests of the Company; and (c) the structure of the compensation should be simple, transparent and easy for shareholders to understand.] [At the end of each year, the Corporate Governance and Compensation Committee will review non-employee director compensation and benefits.]

14. SHARE OWNERSHIP GUIDELINES.

The Board believes that, in order to align the interests of directors and shareholders, directors should have a financial stake in the Company. Each director is expected to comply with the Company's equity ownership guidelines, as established from time to time. The Board will evaluate whether exceptions should be made for any director on the basis of financial hardship.

15. SELF-EVALUATION.

The Board will perform an annual self-evaluation as to the effectiveness of the Board, all Committees, and each individual director. Such assessments will address, at a minimum, the effectiveness and adequacy of meetings of the Board and its Committees, the adequacy and timeliness of information provided to the Board by the Company's management, and the diversity of experience of individual directors and the contributions of each director. The Board may use the results of the evaluation processes in assessing individual directors' suitability for nomination and in assessing the overall structure and functioning of the Board and the committees of the Board.

16. SUCCESSION PLAN.

The Board will approve and maintain a succession plan for the Chief Executive Officer and other senior management, based on recommendations from the Corporate Governance and Compensation Committee. Such plan will include policies and principles for selecting and evaluating a new Chief Executive Officer in the event of an emergency or retirement of the Chief Executive Officer.

17. ACCESS TO INDEPENDENT ADVISORS.

The Board has the authority at any time to retain independent outside financial, legal or other advisors.

18. DIRECTOR ORIENTATION AND EDUCATION.

The General Counsel and the Chief Financial Officer will provide an orientation for new directors, and periodically provide materials or briefing sessions for all directors on subjects relevant to their discharge of their duties.