



IM CANNABIS CORP.

COMPENSATION COMMITTEE CHARTER

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Section 1 Purpose

The overall purpose of the Compensation Committee (the “**Committee**”) of IM Cannabis Corp. (the “**Company**”) is to develop and monitor the Company’s approach to the compensation of officers of the Company.

Section 2 Duties of the Committee

The duties of the Committee are as follows:

- (a) to develop and monitor the Company’s overall approach to compensation issues and, subject to approval by the board of directors of the Company (the “**Board**”), to implement and administer a system of compensation providing for short and longer term incentives, and which reflects superior standards of compensation practices and to continue to develop the Company’s approach to compensation issues;
- (b) to undertake an annual review of compensation issues and practices as they affect the Company and make a comprehensive set of recommendations to the Board during each calendar year;
- (c) to advise the Board or any committees of the Board of compensation issues which the Committee determines ought to be considered by the Board or any such committee;
- (d) to make recommendations to the Board regarding human resources and compensation policies and guidelines;
- (e) to ensure that the Company has in place programs to attract and develop management of the highest caliber and a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of the Chief Executive Officer and Chief Financial Officer in this regard;
- (f) to develop a position description for the Chief Executive Officer and to ensure that policy guidelines and systems are in place to provide for a comprehensive annual review of the performance of the Chief Executive Officer;
- (g) to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer and other senior officers and to evaluate the Chief Executive Officer and other senior officers’ performance in light of these goals and objectives;
- (h) subject to any contractual arrangements, to set the annual salary, bonus and other benefits, direct and indirect, of the Chief Executive Officer and to approve compensation for all other directors and such senior officers as may be designated by the Committee from time to time after considering the recommendations of the

Chief Executive Officer, all within any human resources and compensation policies and guidelines approved by the directors;

- i. the Chief Executive Officer may not be present during voting or deliberations on his/her compensation;
- (i) to review periodically the adequacy and form of the compensation of the directors of the Company with a view to ensuring that such compensation realistically reflects the responsibilities and risks of being a director;
- (j) to implement and administer human resources and compensation policies approved by the Board concerning the following:
 - i. executive compensation, employment and related contracts, stock option plans, deferred share plans and other incentive and equity-based plans; and
 - ii. proposed personnel changes involving officers reporting to the Chief Executive Officer;
- (k) to make recommendations to the Board regarding the grant of stock options to eligible participants under the Company's stock option plan;
- (l) from time to time to review with the Chief Executive Officer, the Company's broad policies on compensation for all employees and overall labor relations strategies;
- (m) to consider any other questions or matters of compensation referred to it by the directors;
- (n) to develop and implement a process for assessing the effectiveness of the compensation policies and practices of the Company and to report and make recommendations to the Board thereon;
- (o) to report annually to the Company's shareholders, through the Company's annual management proxy circular or annual report to shareholders, on the Company's approach to compensation and to review executive compensation disclosure before the Company publicly discloses such information;
- (p) to review and reassess annually the adequacy of this charter; and
- (q) exercise such other authority as may be delegated to the Committee by the Board, including any authority given to the Committee pursuant to the terms of compensation plans approved by the Board.

Section 3 Other Compensation Matters

In addition, the Board may refer to the Committee such other matters and questions relating to compensation as the Board may from time to time see fit.

Section 4 Committee Structure and Authority

(a) Composition

The Committee shall consist of no fewer than three members. Each member of the Committee shall be “independent” in accordance with: (i) National Instrument 58-101 – *Disclosure of Corporate Governance Practices (“NI 58-101”)* (other than for purposes of membership in the Audit Committee); (ii) Rule 5605 of the NASDAQ Stock Market Rules; and (iii) any additional requirements or guidelines for compensation committee service under applicable securities laws and the rules of any stock exchange on which the shares of the Company are listed for trading.

(b) Appointment and Replacement of Committee Members

Each member of the Committee shall serve at the pleasure of the Board. Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director of the Company. The Board shall fill any vacancy if the membership of the Committee is less than three Directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all their power so long as a quorum remains in office.

Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall hold office until the next annual meeting of the shareholders of the Company after his or her appointment or until his or her successor shall be duly elected or appointed.

(c) Quorum

A majority of the Committee present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other, shall constitute a quorum

(d) Review of Charter

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate, and recommend changes to the Board. The Committee shall reference this Charter in establishing its annual goals and meeting objectives.

(e) Delegation

The Committee may delegate from time to time to any individual member or sub-committee of members, any of the Committee’s responsibilities that lawfully may be delegated.

(f) Chair

The chair of the Committee (the “**Chair**”) shall be a member of the Committee appointed by the Board, and if not appointed by the Board, then shall be appointed by the members of the Committee.

(g) **Reporting to the Board**

The Committee will report, through the Chair, to the Board on matters considered by the Committee, its recommendations and performance relative to its annual objectives and its Charter.

(h) **Absence of Chair**

If the Chair is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.

(i) **Calling of Meetings**

Any Director, the Chairman of the Board or the Corporate Secretary of the Company may call a meeting of the Committee. The Committee shall meet at least four times per year and as many additional times as needed to carry out its duties effectively.

(j) **Notice of Meetings**

Notice of the time and place of every meeting shall be given in writing or electronic communication to each member of the Committee at least 48 hours prior to the time fixed for such meeting; provided, however, that a member of the Committee may in any manner waive notice of a meeting.

Attendance of a member of the Committee at a meeting is a waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

(k) **Procedure, Records and Reporting**

Subject to any statute or articles or by-laws of the Company, the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board, generally not later than the next scheduled meeting of the Board that follows the Committee meeting. In discharging its responsibilities, the Committee shall have full access to any relevant records of the Company.

(l) **Attendance of Others at Meetings**

The Committee may request any officer or employee of the Company to attend a meeting of the Committee or meet with any members of, or consultants to, the Committee.

(m) **Outside Experts and Advisors**

The Committee may retain, and set and pay the compensation to, any outside expert or advisor, including but not limited to human resources advisors, legal, accounting, financial or other consultants, at the Company's expense, in order to permit the Committee to carry out its duties. The Committee will assure itself as to the independence of any outside expert or advisor. In making such determination the Committee will consider all factors relevant to the outside expert or advisor's independence from management including:

- (i) the provision of other services to the Company by the outside expert or advisor;

- (ii) the amount of fees received from the Company by the outside expert or advisor, as a percentage of the total revenue of the outside expert or advisor;
- (iii) the policies and procedures of the outside expert or advisor that are designed to prevent conflicts of interest;
- (iv) any business or personal relationship of the outside expert or advisor with a member of the Committee or with an executive officer of the Company; and
- (v) any securities of the Company owned by the outside expert or advisor.

Section 5 Currency of this Charter

This Charter was last approved by the Board on November 26, 2020.