



IM CANNABIS CORP.

MANDATE OF THE BOARD OF DIRECTORS

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The Board of Directors (the “**Board**”) of IM Cannabis Corp. (the “**Company**”) is responsible for the supervision of the management of the business and affairs of the Company. The Board should manage the responsibilities and obligations set out below, either directly or through committees of the Board. The Board will, however, retain its oversight function and ultimate responsibility for these matters.

Composition

1. The Board should consist of individuals who possess skills and competencies in areas that are relevant to the business and affairs of the Company. At least a majority of the directors will be “independent” directors, as defined in Section 1.4 of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) and in accordance with Rule 5605 of the NASDAQ Stock Market Rules (“**Rule 5605**”).
2. The directors of the Company will be elected at the annual meeting of the shareholders of the Company and shall serve until no longer than the close of the next annual meeting of shareholders, subject to re-election thereat.

Meetings

3. The Board shall have at least four regularly scheduled meetings in each financial year of the Company.
4. The Chair of the Board (the “**Chair**”), the Chief Executive Officer (the “**CEO**”) and the Lead Director of the Board (the “**Lead Director**”), if any, are responsible for the agenda for each meeting of the Board. Prior to each Board meeting, the Chair and the CEO will discuss agenda items for the meeting with the Lead Director, if any. Materials for each meeting should be distributed to the Board in advance of the meeting.
5. Directors are expected to attend at least three quarters of all meetings of the Board held in a given financial year of the Company and to adequately review meeting materials in advance of each meeting.
6. The independent directors must hold regularly scheduled executive sessions, at least twice a year, without the non-independent directors and any senior officers present at meetings of the Board. The Chair, if independent, and if not independent, the Lead Director, if any, should chair the executive sessions.

Board Committees

7. The Board may appoint such committees from time to time as it considers appropriate. Each permanent committee shall have a mandate that is approved by the Board, setting out the responsibilities of, and the extent of the powers delegated to, such committee by the Board. The committees currently consist of the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee.

Roles and Responsibilities***Oversight of Management and the Board***

8. The Board is responsible for the appointment and replacement of senior officers of the Company. The Board should ensure that appropriate succession planning, including the appointment, training and monitoring of the senior officers and members of the Board, is in place.
9. The Board is responsible, to the extent feasible, for satisfying itself as to the integrity of the CEO and the other senior officers of the Company, and that the CEO and the other senior officers create a culture of integrity throughout the Company.
10. The Board should annually consider what additional skills and competencies would be helpful to the Board, with the Corporate Governance and Nominating Committee being responsible for identifying specific candidates for consideration for appointment to the Board.
11. If the Chair is not independent within the meaning of Section 1.4 of NI 52-110 and Rule 5605 and a Lead Director is required, or is considered desirable by the Corporate Governance and Nominating Committee, such committee will recommend a candidate for the position of Lead Director from among the independent members of the Board. The Board will be responsible for appointing the Lead Director. The Chair and the Lead Director, if any, shall carry out their responsibilities in accordance with the roles description attached as Schedule "A".
12. Through the Compensation Committee, the Board should review the compensation of directors to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director, and should review the compensation of the senior officers to ensure that it is competitive within the industry and that the form of compensation aligns the interests of each senior officer with those of the Company.
13. The Board should review and assess, or delegate such review and assessment to an appropriate committee of the Board, the Company's Timely Disclosure and Confidentiality Policy from time to time, and at least annually. If such review and assessment is delegated to a committee of the Board, such committee shall submit any proposed amendments to the Board for consideration.

Financial Matters

14. The Board, with the assistance of the Audit Committee, is responsible for reviewing the financial and underlying operational performance of the Company.
15. The Board shall review and approve, with the assistance of the Audit Committee, the annual financial statements, management's discussion and analysis related to such annual financial statements, budgets and forecasts, the annual information form and management information circular of the Company, as applicable.

16. The Board shall review and approve the quarterly financial statements and management's discussion and analysis related to such quarterly financial statements
17. The Board shall annually review, together with the Corporate Governance and Nominating Committee and the Audit Committee, the directors' and officers' third-party liability insurance of the Company.
18. The Board should review (or delegate such review to the Audit Committee) in advance of public release: (i) any earnings guidance; and (ii) any news release containing financial information based upon financial statements and management's discussion and analysis that have not previously been released.
19. The Board, primarily through the Audit Committee, should monitor and ensure the integrity of the internal controls and procedures (including adequate management information systems) within the Company and the financial reporting procedures of the Company.

Business Strategy

20. The Board has primary responsibility for the strategic direction of the Company. The Board will contribute to the development of such strategic direction by approving, at least annually, a strategic plan and budget developed and proposed by the senior officers, subject to any changes required by the Board. The strategic plan and budget should take into account the business opportunities and business risks of the Company. The Board will review with the senior officers from time to time the strategic planning environment, the emergence of new opportunities, trends and risks and the implications of these factors on the strategic direction of the Company. The Board will review and approve the financial objectives, plans and actions of the Company, including significant capital allocations and expenditures.
21. The Board is responsible for ensuring that procedures are in place to appropriately manage the principal business risks of the Company.
22. The Board should monitor corporate performance against the approved strategic plan and budget, including assessing operating results, to evaluate whether the business of the Company is being appropriately managed.
23. The Board is responsible for reviewing and approving all material transactions affecting the Company not contemplated in the strategic plan and budget approved by the Board from time to time.

Communications and Reporting to Shareholders

24. The Board is responsible for overseeing the continuous disclosure program of the Company, with a view to satisfying itself that adequate procedures are in place to ensure that material information is disclosed in accordance with applicable laws.
25. The Board will ensure that the Company has a communication and disclosure policies for investor relations, shareholder communications and public disclosure.

Corporate Governance

26. The Corporate Governance and Nominating Committee will recommend, and the Board will establish, the Board's approach to corporate governance.

27. The Board is responsible for assessing its own effectiveness in fulfilling this mandate and shall assess this mandate, as well as the mandate of each committee (considering, among other things, the recommendations of the applicable committee) from time to time, and at least annually.
28. The Board is responsible for evaluating the relevant relationships of each independent director and is required to make an affirmative decision that any such relationship does not preclude a determination that the director is independent within the meaning of NI 52-110 and Rule 5605.
29. The Board is responsible for ensuring the establishment of appropriate standards of corporate conduct and should ensure that adequate procedures are in place to monitor compliance with the Company's Code of Business Conduct and Ethics. Only the Board or the Company's general counsel may grant waivers of the Code of Business Conduct and Ethics which would be to the benefit of any director or senior officer. Any such waiver shall be disclosed to the extent and in the manner required by applicable laws or stock exchange rules.

General

30. The Board is responsible for performing such other functions as are prescribed by law, including all applicable laws.
31. The Board may at any time retain outside financial, legal or other advisors at the expense of the Company. Any director may, subject to the approval of the Corporate Governance and Nominating Committee, retain an outside financial, legal or other advisor at the expense of the Company.

Feedback

32. The Board welcomes input and comments from shareholders of the Company relating to this mandate. Such input and comments may be sent to the Board at the head office address of the Company.

Schedule “A”

Roles of the Chair and Lead Director

Chair of the Board and Independent Lead Director

1. The Chair of the Board, with the assistance of the Lead Director (if one is appointed from time to time), will provide leadership to directors in discharging their duties as set out in this Mandate, including by:
 - a. leading, managing and organizing the Board consistent with the approach to corporate governance adopted by the Board from time to time;
 - b. promoting cohesiveness among the directors; and
 - c. being satisfied that the responsibilities of the Board and its committees are well understood by the directors.
2. The Chair, with the assistance of the Lead Director (if one is appointed from time to time), will assist the Board in discharging its stewardship function, including by:
 - a. satisfying himself or herself, to the extent feasible, as to the integrity of the senior officers of the Company and ensuring that such senior officers create a culture of integrity throughout the organization;
 - b. taking part in strategic planning, risk management and succession planning;
 - c. together with the Chair of the Corporate Governance and Nominating Committee, reviewing the committees of the Board, the composition and chairs of such committees and the charters of such committees; and
 - d. together with the Chair of the Corporate Governance and Nominating Committee, ensuring that the Board, committees of the Board, individual directors and senior management of the Company understand and discharge their duties and obligations under the Company's system of corporate governance.
3. In addition, in conjunction with the Chair of the Corporate Governance and Nominating Committee, the Chair and/or the Lead Director will ensure that:
 - a. all directors receive updates to Company policy documents;
 - b. regular discussions relating to corporate governance issues and directors' duties are conducted at Board meetings;
 - c. the Company's policies are reviewed and updated by the Board as new rules or circumstances dictate; and
 - d. appropriate funding is allocated to directors to attend seminars or conferences relevant to their positions as directors of the Company.
4. In connection with meetings of the directors, the Chair will be responsible for the following (in consultation with the Lead Director, if one is appointed from time to time):

- a. scheduling meetings of the directors;
 - b. coordinating with the chairs of the committees of the Board to schedule meetings of the committees;
 - c. reviewing items of importance for consideration by the Board;
 - d. ensuring that all business required to come before the Board is brought before the Board, such that the Board is able to carry out all of its duties to manage or supervise the management of the business and affairs of the Company;
 - e. setting the agenda for meetings of the Board;
 - f. monitoring the adequacy of materials provided to the directors by management in connection with the directors' deliberations;
 - g. ensuring that the directors have sufficient time to review the materials provided to them and to fully discuss the business that comes before the Board;
 - h. presiding over meetings of the directors; and
 - i. encouraging free and open discussion at meetings of the Board.
5. In addition, the Lead Director, if one is appointed from time to time, will be responsible for the following:
- a. reviewing items of importance for consideration by the independent directors and setting the agenda for in camera sessions of the independent directors;
 - b. presiding over meetings of the directors at which the Chair is not present and in camera sessions of the independent directors, and apprising the Chair of the issues considered;
 - c. encouraging free and open discussion at in camera sessions of the independent directors;
 - d. serving as liaison between the independent directors and the Chair;
 - e. being available for consultation and direct communication with the Company's shareholders as appropriate;
 - f. together with the Chair of the Board and the Chair of the Corporate Governance and Nominating Committee, providing feedback to directors regarding their performance; and
 - g. performing such other duties as the Board may delegate to the Lead Director from time to time.