



IM CANNABIS CORP.

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER

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Section 1 Purpose

The overall purpose of the Corporate Governance and Nominating Committee (the “**Committee**”) of IM Cannabis Corp. (the “**Company**”) is to develop and monitor the Company’s approach to: (i) matters of governance and (ii) the nomination of directors to the board of the Company (the “**Board**”).

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 corporate governance issues and, subject to approval by the Board, to implement and administer a system of corporate governance which reflects superior standards of corporate governance practices and to continue to develop the Company’s approach to corporate governance issues;
- (b) to undertake an annual review of corporate governance 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 corporate governance issues which the Committee determines ought to be considered by the Board or any such committee;
- (d) to review and reassess with the Board on a regular basis but not less than annually, the Mandate of the Board of Directors, the charter of each of the committees of the Board and the methods and processes by which the directors fulfill their respective duties and responsibilities, including without limitation:
 - i. the number and content of meetings of the directors;
 - ii. the number of meetings of the independent directors at which members of management are not present;
 - iii. the annual schedule of issues to be presented to the Board at its meetings or those of its committees;
 - iv. material which is to be provided to the Board generally and with respect to meetings of the Board or its committees;
 - v. resources available to the Board; and
 - vi. the communication process between the Board and management;
- (e) to recommend to the Board a system which enables a committee or an individual director to engage separate independent legal counsel and advisors at the expense of the Company in appropriate circumstances and, upon the approval by the Board of such a process, to be responsible for the management and administration thereof;

- (f) to develop a position description for the chair of the Board and to assess the performance of such chair, if applicable;
- (g) to develop and implement an orientation and educational program for new recruits to the Board in order to familiarize new directors with the business of the Company, its management and professional advisers and its facilities as well as to inform such recruits of the contribution they are expected to make including, but not limited to, the commitment of time and energy that the Company expects from its directors;
- (h) to develop and implement a process for assessing the effectiveness of the Board, individual directors, Board committees and the chairs thereof and to report and make recommendations to the Board thereon;
- (i) to review the effectiveness of the charters of the Audit Committee and the Corporate Governance and Nominating Committee of the Company as they relate to matters affecting governance;
- (j) to develop and recommend to the Board from time to time corporate governance guidelines applicable to the Company;
- (k) to monitor compliance with the Company's Stock Trading Policy;
- (l) to monitor compliance with the Company's Code of Business Conduct and Code of Ethics (the "**Code**") and to consider and, if deemed appropriate, provide waivers from compliance with the Code according to the procedures set forth in the Code, applicable laws and the rules and regulations of all exchanges on which the securities of the Company are listed for trading;
- (m) to provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Company's business remain current
- (n) to adopt a process to determine what competencies and skills the Board, as a whole, should possess given the nature of the business of the Company;
- (o) to assess the competencies and skills of each existing director, with a view to assessing the Board as a whole for the purpose of, in part, facilitating effective decision making by the Board;
- (p) to identify and recommend qualified individuals to become new members of the Board, giving due consideration to: (i) the competencies and skills that the Board considers to be necessary for the board, as a whole, to possess; (ii) the competencies and skills that the board considers each existing director to possess; and (iii) the competencies and skills each new nominee will bring to the boardroom;
- (q) to aid in attracting qualified candidates to serve on the Board and interview and otherwise assist in the screening of such candidates;
- (r) to recommend the slate of directors to be nominated for election at the annual meeting of shareholders;
- (s) to monitor and assess the relationship between the Board and management, defining the limits to management's responsibilities and making such recommendations as it may

deem necessary with a view to ensuring that the Board is able to function independently of management;

- (t) to review any issues relating to conflicts of interests and related party transactions in accordance with applicable law, rules and regulations of all exchanges on which the securities of the Company are listed for trading and general best corporate governance practices;
- (u) to review and evaluate any outside directorships in other public companies held by directors, officers and employees of the Company and make recommendations to the Board accordingly;
- (v) to review annually the directors' and officers' insurance coverage and make recommendations to the Board for its renewal, amendment or the replacement of the insurers;
- (w) oversee the administration of all policies or agreements of the Company with respect to the indemnification of the directors and officers;
- (x) to periodically receive and consider recommendations from the officers of the Company regarding succession;
- (y) to participate in the annual review and evaluation of the performance of the Company's Chief Executive Officer, particularly as such review relates to corporate governance matters, as requested by the Board and in conjunction with the Compensation Committee of the Board as necessary or appropriate;
- (z) to review Board make-up from time to time as appropriate in accordance with the following guidelines:
 - i. The Board shall have a majority of independent directors.
 - ii. Independent directors should not, if at all possible, and all director candidates should not have any, material financial, economic or other ties to any member of the Company's management or the Board or be a member of a board of, or otherwise be associated with, an entity whose interests conflict with the interests of the Company or an entity which is a related party.
 - iii. No more than three (3) executive officers of, or other person employed by, the Company shall be a Board member.
 - iv. Board members should have appropriate and complementary skill sets to provide needed guidance to the Company's operations and planning.
 - v. The Committee shall, as it deems necessary from time to time, review and evaluate the performance of incumbent directors whose term of office is scheduled to expire at the next annual meeting of shareholders in order to:
 - (A) Solicit input from such incumbent director with respect to his or her desire and availability to continue his or her service as a director.

- (B) Evaluate the participation, attendance and contribution of such incumbent director in Board and committee meetings.
- (C) Review the characteristics and qualifications of such incumbent director to continue his or her service as a director in light of (1) such director's personal circumstances including their involvement of such director in his or her primary business activity and/or his or her community, (2) the capacity, health and availability of such director, (3) the developing needs of the Company, and (4) the characteristics recommended to be sought in candidates for directors of the Company.

Section 4 Selection Criteria for Directors

The Committee shall determine the appropriate criteria for selecting and assessing potential new members of the Board and shall select candidates for nomination to the Board accordingly. The Committee shall engage in the following activities to ensure an effective process for selecting candidates for nomination:

- (a) develop criteria for the selection of new directors;
- (b) identify the desired competencies, expertise, skills, background and personal qualities that are sought in potential candidates;
- (c) annually review these criteria to determine whether any amendments are required or whether there are any gaps in the skills of the existing directors;
- (d) identify and recommend individuals qualified and suitable to become directors, taking into consideration any identified gaps; and
- (e) maintain a list of suitable candidates for the Board.

The following characteristics are necessary for new candidates being considered for nomination, as well as for existing directors:

- (a) a reputation for integrity and ethical behavior;
- (b) a demonstrated ability to exercise judgment and communicate effectively;
- (c) financially knowledgeable;
- (d) prominence in the individual's area of expertise;
- (e) previous experience relevant to the operations of the Company; and
- (f) sufficient time to dedicate to Board and committee work.

Section 5 Other Corporate Governance and Nomination Matters

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

Section 6 Committee Structure and Authority

(a) Composition

The Committee shall consist of no fewer than three members. The majority of the Committee shall be “independent” in accordance with: (i) National Instrument 58-101 – *Disclosure of Corporate Governance Practices*; (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.

Unless the Board has appointed a chair of the Committee, the chair shall be a member of the Committee selected by the Committee members (the “**Chair**”).

(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) 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.

(g) 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.

(h) Calling of Meetings

Any Director, the chair of the Board or the Corporate Secretary of the Company may call a meeting of the Committee. The Committee shall meet as often as may be deemed necessary or appropriate, in its judgment, in order to fulfill its responsibilities.

(i) 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 may in any manner waive notice of a meeting.

Attendance of a member 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.

(j) 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.

(k) 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.

Independent members of the Board who are not members of the Committee shall be provided access to the same meeting materials provided to members of the Committee and may attend any meetings of the full Committee, absent a specific necessity to the contrary as shall be determined by the full Committee.

(l) 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.

Section 9 Currency of this Charter

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