

# **The INX Digital Company, Inc.**

## **CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

(the “Charter”)

*Approved by the Board of Directors of The INX Digital Company, Inc. on February 8, 2022*

If any provision of this Charter contradicts the applicable requirements under Canadian Law (as further defined), then the terms and provisions of the Canadian Law shall prevail.

### **PURPOSES:**

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of The INX Digital Company, Inc. (the “Company”) shall be (i) to assist the Board in setting the compensation of the Company’s executive officers. In addition, the Committee shall review the performance of management and make recommendations to the Board on matters relating to their remuneration and terms of employment, review and evaluate the compensation plans, policies and programs of the Company, and make recommendations to the Board and shareholders of the Company relating to compensation to be provided to directors, and, if applicable, executive officers; (ii) assist the Board in administering the Company's equity incentive plan; and (iii) review all disclosure of executive compensation, including compensation philosophy, prior to public release and prepare any executive compensation report required by regulatory requirements for inclusion in the Company’s annual report, proxy statement, information circular or other regulatory filings, to the extent required under applicable securities laws and the rules and regulations promulgated thereunder. The Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board from time to time prescribes, subject to any limitations set under the *Business Corporations Act* (British Columbia), the *Securities Act* (British Columbia) and under any other Canadian substantive law (the “Canadian Law”), and subject to the provisions of Canadian Law and any applicable law.

This Charter shall not derogate from nor supersede, and instead will be read in conjunction with, any terms set forth under Company’s internal compensation policies, as adopted by the Committee or the Board from time to time. If any term of this Charter contradicts the requirements under the Canadian Law, then Canadian Law will prevail.

The purposes and further provisions specified in this Charter are meant to serve as guidelines, are subject to applicable law, and the Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary or advisable from time to time to fulfill its responsibilities. Unless otherwise prescribed in this Charter, the Notice of Articles of the Company or applicable law, the rules and procedures applicable to the operation of the Board shall apply to the operation of the Committee with any necessary changes. Nothing herein is intended to expand applicable standards of liability under Canadian Law, the laws of Gibraltar or U.S. federal law for directors of a corporation.

### **MEMBERSHIP:**

The Committee will be appointed by, and will serve at the discretion of the Board. The Committee shall consist of as many members as the Board shall determine, but in any event no fewer than three

(3) members. The members of the Committee shall be independent in accordance with the independence standard under section 1.2 of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (an “Independent Director”)<sup>1</sup>. All members of the Committee must also be Board members. Any director who is employed by the Company, by a controlling shareholder or by a corporation controlled by a controlling shareholder, or any director who otherwise provides the Company, a controlling shareholder or a corporation controlled by a controlling shareholder with services on a regular basis (other than in his/her capacity as a Board member) or whose main livelihood is dependent on a controlling shareholder, nor a controlling shareholder or any relative thereof, shall be members of the Committee.

The members of the Committee must meet the independence requirements of any exchange listing rules (to the extent relevant to the Company). In determining whether a director is eligible to serve on the Committee, the Board shall also consider (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director, and (ii) whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company to determine whether such affiliation would impair the director’s judgment as a member of the Committee. Compensatory fees shall not include: (A) fees received as a member of the Committee, the Board or any other Board committee; or (B) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service). Subject to applicable law (i) Committee members shall be appointed by and serve at the discretion of the Board, (ii) Committee members shall serve until their successors are duly designated and qualified, (iii) any member of the Committee may be removed at any time, with or without cause, by a resolution of the Board, and (iv) any vacancy on the Committee occurring for any cause whatsoever may be filled by a resolution of the Board.

Unless otherwise determined or there is continuity in office, the Board shall annually appoint the members of the Committee and elect the Chair of the Committee, as soon as practical after the Company’s annual meeting of shareholders shall not hold such position for a period exceeding nine years.

### **RESPONSIBILITIES:**

The responsibilities of the Committee shall include the following:

1. Without derogating from the Committee's obligations under Canadian Law, the Committee shall annually review and recommend to the Board, for the chief executive officer (“CEO”) and other executive officers of the Company (a) the annual base compensation as employee or other structure of engagement, (b) the annual incentive bonus, including the specific goals and amount, (c) equity and/or token compensation, (d) employment agreements, severance arrangements, and change in control agreements/provisions, and (e) any other benefits, compensation, compensation policies or arrangements. In reviewing and recommending such

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<sup>1</sup> Section 1.2 of National Instrument 58-101 provides that “a director is independent if he or she would be independent within the meaning of section 1.4 of National Instrument 52-110 – *Audit Committees*”. Please see Exhibit A of this document for an excerpt of the relevant section.

matters, the Committee shall consider such matters as it deems appropriate, including the Company's financial and operating performance, the alignment of the interests of the executive officers and the Company's shareholders, the performance of the Company's securities and the Company's ability to attract and retain qualified individuals, and in each case taking into account any compensation practices or policies of the Company.

2. The Committee shall annually review and make recommendations to the Board regarding the compensation policy for officers of the Company as directed by the Board and based on relevant data and information provided to it.
3. The Committee shall act as Plan Administrator (as defined therein) of the Company's equity compensation plans (to the extent allowed by applicable law and the relevant plan) and any subsequent employee benefit plans adopted and approved by the Company's Board and shareholders, if appropriate. In its administration of the plans, the Committee may, pursuant to authority delegated by the Board, exercise all rights, authority and functions of the Board under all of the Company's equity compensation plans, including without limitation, the authority to interpret the terms thereof, to grant options thereunder and to make stock and/or token awards thereunder; provided, however, that, except as otherwise expressly authorized to do so by a plan or resolution of the Board, the Committee shall not be authorized to amend any such plan. The Committee shall also make recommendations to the Board with respect to equity incentive plans and, amendments to the plans, including changes in the number of shares reserved for issuance thereunder.
4. The Committee may review and make recommendations to the Board regarding other plans that are proposed for adoption or adopted by the Company for the provision of compensation to employees of, directors of and consultants to the Company.
5. The Committee may recommend a compensation philosophy, strategy and plan to the Board. In recommending such matters, the Committee shall consider and refer to the following criteria, in accordance with Canadian Law and any other applicable laws: (a) the executive officer's education, skills, expertise, professional experience and achievements, (b) the executive officer's position, responsibilities and his or her previous compensation arrangements, (c) the ratio between the executive officer's office and employment terms and the salary of other Company employees and contractors, and in particular the ratio between the average salary and the median salary of such employees and the effect of differences between such on work relations in the Company, (d) if office and employment terms include variable components - the possibility of reducing such variable components at the discretion of the Board and the possibility of setting a limit to the realizable value of variable components of equity which are non-cash disposed, (e) if office and employment terms include a severance arrangement - the officer's term of office or employment, the office and employment terms during this period, the Company's performance during this period, the officer's contribution to achieve Company goals and for maximizing profits and circumstances of retirement.
6. The Committee shall approve (subject to additional required Board approvals if any and applicable law) the employment terms and compensation of executive officers as required under Canadian Law and shall further approve any exemption from the need to obtain shareholders' approval with respect to employment terms and compensation of a potential officers, in

accordance with Canadian Law, evaluating the performance of the CEO and other officers in light of such goals and objectives, and determining the compensation of the officers of the Company based on such evaluation.

7. The Committee shall determine whether to approve transactions with officers that include employment or retention terms that require approval of the Company's organs as set under Canadian Law.
8. The Committee shall oversee compliance with the compensation reporting requirements of Canadian securities laws to the extent applicable.
9. The Committee may authorize the repurchase of shares, options or tokens from terminated employees or former directors or consultants subject to additional required Board approvals if any, and applicable law.
10. The Committee shall review any issues concerning the legal compliance and maintenance of the Company's employee benefit plans.
11. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

#### **MEETINGS:**

The Committee shall meet as often as necessary to carry out its responsibilities.

The Committee Chairman shall preside at each meeting. In the event the Committee Chairman 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. Those who may not be members of the Committee shall not be present at Committee meetings during discussion and resolution-making, unless the Committee Chairman has determined such individual is required for the presentation of a certain topic. However – (a) a Company employee who is not a controlling shareholder or its relative may be present at Committee meetings during discussion, so long as the resolution be made in his absence; (b) without derogating from section (a) above, the legal counsel and Company's secretary who are not a controlling shareholder or its relative may be present at Committee meetings during discussion and resolution-making. The CEO shall not be present during voting or deliberations on his or her compensation.

The chairman of the Committee shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and Company management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practicable, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

At least once a year the Committee will consider equity compensation plans, performance goals and incentive awards, and the overall coverage and composition of the compensation package to the Company's executive officers.

A majority of the Committee members shall constitute a quorum. The action of a majority of those present at a meeting, at which a quorum is present, shall be the act of the Committee.

Subject to applicable law, the Committee may delegate its authority to subcommittees established from time to time by the Committee. Such subcommittees shall consist of one or more members of the Committee or the Board and shall report to the Committee.

**MINUTES:**

The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

**REPORTS:**

The Committee will provide written reports to the Board regarding recommendations of the Committee submitted to the Board for action.

Any decisions or recommendations made by the Committee and requiring the Board's approval shall be communicated to the members of the Board sufficiently in advance before the Board's meeting in order to permit meaningful review. In the event of any extraordinary and material findings within the scope of the Committee's duties, the chairman of the Committee shall without delay inform the chairman of the Board of such findings.

**AUTHORITY:**

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Committee. The Committee shall have sole authority to approve the payment of reasonable compensation to a compensation consultant, legal counsel or other adviser retained by the Committee, and other retention terms, and the Company shall provide for the funding for such compensation. Subject to the foregoing authority, the Committee may select, or receive advice from a compensation consultant, legal counsel or other adviser to the Committee (other than in-house legal counsel) only after taking into consideration the factors regarding independence assessments of compensation advisers (if relevant), which factors are, as of the date of adoption of this charter, as follows:

- (a) The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- (b) The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenues of the person that employs the compensation consultant, legal counsel or other adviser;
- (c) 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;
- (d) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
- (e) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; or

- (f) any business or personal relationship of the compensation consultant, legal counsel or other adviser or the person employing the adviser with an executive officer of Company;

provided, however, that the Committee need not conclude that the compensation consultant, legal counsel or other adviser is independent after considering such factors; and provided, further, that the Committee need not consider such factors if an adviser's role is limited to either (i) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company and is available to all salaried employees of the Company and/or (ii) providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

The Committee may form and delegate authority to subcommittees when appropriate, subject to applicable law.

**COMPENSATION:**

Members of the Committee may receive compensation for their service as Committee members, subject to applicable law.

**REVIEW:**

The Committee shall from time to time review and assess the adequacy of this Charter (including the structure, processes and membership requirements of the Committee) and recommend any proposed changes to the Board for approval. In addition, the Committee shall annually review its own performance.

## Exhibit A

### National Instrument 52-110 Audit Committees, section 1.4

#### 1.4 - Independence Requirements

**1.4 (1)** An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

**(2)** For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

**(3)** Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

- a. an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
- b. an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
- c. an individual who:
  - i. is a partner of a firm that is the issuer's internal or external auditor,
  - ii. is an employee of that firm, or
  - iii. was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
- d. an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
  - i. is a partner of a firm that is the issuer's internal or external auditor,
  - ii. is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
  - iii. was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
- e. an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
- f. an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.

**(4)** Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because

- a. he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
- b. he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.

**(5)** For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

**(6)** For the purposes of clause (3)(f), direct compensation does not include:

- a. remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
- b. the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

**(7)** Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

- a. has previously acted as an interim chief executive officer of the issuer, or
- b. acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

**(8)** For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.