

# The INX Digital Company, Inc.

## MANDATE OF THE BOARD OF DIRECTORS

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

The Board of Directors (the “Board”) is responsible for the stewardship of The INX Digital Company, Inc. (the “Company”) and for supervision of the management of the business and affairs of the Company, as more particularly described herein. The management of the Company’s day-to-day operations is delegated to the Company’s President and Chief Executive Officer (“CEO”) and the Company’s other senior executives (collectively, “management”) under the Board’s stewardship. The Board discharges its responsibilities directly and through delegation to its committees and management.

1. The Board shall be comprised of such number of directors as are elected by the shareholders or appointed by the directors from time to time within the minimum and maximum number of directors contemplated by the Company’s articles, the majority of whom shall be “independent” (as defined in National Instrument 52-110 – *Audit Committees*)<sup>1</sup> and Directors shall be elected by the shareholders at the annual meeting of shareholders of the Company in each year to hold office for a term expiring not later than the close of the next annual meeting of shareholders following the election, subject to such director’s earlier ceasing to hold office in accordance with the *Business Corporations Act* (British Columbia).
2. The Board is responsible to:
  - 2.1 Provide strategic stewardship
    - 2.1.1 Adopt a strategic planning process and approve, on at least an annual basis, a strategic plan for the Company developed in collaboration and consultation with the CEO;
    - 2.1.2 Devote sufficient time at Board meetings to consider strategic issues developed by and under the leadership of the CEO with other members of management;
    - 2.1.3 Review and approve the strategic goals of the Company, which should be strongly tied to relevant metrics; and
    - 2.1.4 Remain abreast of emerging trends and their implications on the Company’s business and provide strategic advice and direction to the CEO.
  - 2.2 Approve annual business plan and oversee communications and reporting

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<sup>1</sup> Please see **Exhibit A** of this document for an excerpt of the relevant section.

- 2.2.1 Approve the annual budget and business plan of the Company (the “Annual Budget and Business Plan”);
  - 2.2.2 Approve the annual and, either directly or through the Audit Committee, interim financial reports of the Company and related news releases, and other continuous disclosure documents (including management’s discussion and analysis, annual information form and any management information circulars of the Company), subject to the Company’s Corporate Disclosure Policy and Insider Trading Policy, for submission to the shareholders and securities regulatory authorities, as applicable;
  - 2.2.3 Review and approve any significant changes to the Company’s Corporate Disclosure and Insider Trading Policy;
  - 2.2.4 Approve any other applicable documents filed with securities regulatory authorities; and
  - 2.2.5 Approve any material (as determined by the Board annually or more frequently or in specific circumstances as deemed appropriate by the Board) change to the Company’s Annual Budget and Business Plan.
- 2.3 Review and approve the Company’s risk management and mitigation policies
- 2.3.1 Review and assess the Company’s policies, controls and procedures that are in place to ensure the integrity and functioning of the Company’s disclosure and internal controls, management information system and risk-management activities in other areas of enterprise risk;
  - 2.3.2 Review and assess the Company’s risk management policy and processes that are in place to effectively identify, assess and mitigate strategic, operational and emerging risks to the Company;
  - 2.3.3 Review strategic risks, in conjunction with the CEO and other members of management, and provide advice on the effective mitigation of those risks; and
  - 2.3.4 Receive and consider reports on the Company’s key risks and review and assess the Company’s management of these risks.
- 2.4 Oversee and monitor the performance and remuneration of management
- 2.4.1 Establish specific annual performance targets and results to be achieved by the CEO;
  - 2.4.2 Evaluate, either directly or through the Compensation Committee, the CEO annually against agreed upon performance targets;
  - 2.4.3 Annually review and approve the remuneration and compensation of the senior executives as recommended by the Compensation Committee;

- 2.4.4 Develop and approve position descriptions for the Chair of the Board, the chair of each committee of the Board and the CEO;
  - 2.4.5 Take appropriate steps to, to the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers of the Company, and that the CEO and other executive officers create a culture of integrity throughout the Company;
  - 2.4.6 Review management's implementation of appropriate community relations, environmental stewardship and health and safety management systems;
  - 2.4.7 Establish a succession planning process for the Chair of the Board, the CEO and other senior officers of the Company; and
  - 2.4.8 Provide advice on significant and/or strategic issues to the CEO.
- 2.5 Ensure the Board's effectiveness
- 2.5.1 Develop and approve Board governance policies and procedures;
  - 2.5.2 Implement processes to ensure the discharge of specific duties imposed on the Board and its committees;
  - 2.5.3 Review, where appropriate, the development and implementation of corporate governance principles and processes developed by the Governance and Nominating Committee;
  - 2.5.4 Establish and approve the charters of Board committees; and
  - 2.5.5 Review and assess the Company's Code of Business Conduct and Ethics that governs the behaviour of directors, officers, employees, contractors and others, including the establishment of a Whistleblowing Policy and procedures.
- 2.6 Discharge its fiduciary duties
- 2.6.1 Act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
  - 2.6.2 Engage in continuous learning;
  - 2.6.3 Devote time to enhancing personal knowledge of the Company's business;
  - 2.6.4 Ask questions, seek information and challenge management; and
  - 2.6.5 Require the CEO and other members of management to provide information:

2.6.5.1 For decision: Decision information is put before the Board in order to make decisions or provide requisite approvals (i.e. to approve a recommendation of management on a subject matter requiring Board approval);

2.6.5.2 For monitoring: Monitoring information is used to gauge whether previous Board matters or directions have been satisfied and to assess performance against specific goals and objectives; and

2.6.5.3 For knowledge: Information that may be required by or useful to the Board that would not otherwise be required to make decisions or monitor results.

3. Directors are expected to attend all meetings of the Board unless absence is unavoidable. In addition, Directors are expected and required to have reviewed Board materials in advance of the meeting and to come to Board meetings prepared to discuss such materials and to participate fully in the meeting, which materials are to be provided to the Board by management sufficiently in advance to allow the Board to reasonably complete a review of the materials.
4. Directors shall receive compensation for serving on the Board and its committees, in such amount and on such terms as the Board may approve based on the recommendation of the Compensation Committee.
5. The Board shall review and assess the adequacy of this Mandate at least annually and, if appropriate, revise this Mandate as required.

## Exhibit A

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

**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.