



IM CANNABIS CORP.

WHISTLEBLOWER POLICY AND PROCEDURES

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IM Cannabis Corp. (together with its subsidiaries and affiliates, the “**Company**”) is committed to conducting business in accordance with the highest ethical standards and complying with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices. In that regard, the Company is establishing procedures (these “**Procedures**”), which have been reviewed and approved by the Audit Committee of the Board of Directors of the Company, to ensure compliance with such standards and laws. In particular, these Procedures relate to (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters or possible violations of applicable securities laws, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding “questionable accounting or auditing matters” (as defined below), or possible violations of applicable securities laws. The Company and the Audit Committee also want to ensure that any employee wishing to submit a report of the type contemplated in these Procedures shall be free to do so without fear of dismissal or retaliation.

As used in these Procedures, the term “questionable accounting or auditing matters” includes, without limitation, (i) fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company, (ii) fraud or deliberate error in the recording and maintaining of financial records of the Company, (iii) deficiencies in or noncompliance with the Company’s internal accounting controls, (iv) misrepresentation or false statements to or by a senior officer or accountant regarding a matter contained in the Company’s financial records, financial reports or audit reports or (v) deviation from full and fair reporting of the Company’s financial condition.

Every director, officer and employee of the Company shall execute and deliver the certificate attached to these Procedures, indicating such person has read, fully understands and will comply fully with the provisions of these Procedures.

Section 1 General; Filing Reports

Any person may submit a good faith report of suspected questionable accounting or auditing matters or possible violations of applicable securities laws related to the Company. Any such allegations may be based on first-hand, direct information, or on other information from any source that the reporting person reasonably believes to be credible. As described below, any person wishing to make such a report may choose (i) the form of the report, (ii) the designated person to whom such report may be submitted and (iii) the manner in which the report may be submitted.

1.1 Form of Report

A report of the type contemplated by these Procedures may be submitted orally or in writing, and may be submitted in person, by courier, or electronically (by telephone, voicemail or email) or by any other means reasonably likely to result in direct delivery of such report to a person designated under these Procedures to receive such a report.

1.2 To Whom Submitted

A report may be submitted to the Company’s (i) ethics telephone hotline, (ii) General Counsel or (iii) the Chair of the Audit Committee. The Company’s ethics telephone hotline can be accessed 24 hours a day, 7 days a week by telephone at [●]. The third-party ethics hotline provider will route all reports received directly to the Company’s General Counsel and the Chair of the Audit Committee. Reports may be made directly to the Chair of the Audit Committee.

These Procedures are designed to complement normal communication channels between supervisors and employees. Employees are encouraged to continue to raise appropriate matters with their supervisors at any time. As an alternative, employees may submit information relating to misconduct in accordance with these Procedures.

Any person who receives a report under these Procedures that appears not to have been submitted directly to the Audit Committee shall promptly make the report or if given orally, a summary of the report prepared in accordance with these Procedures available to the Chair of the Audit Committee.

1.3 Confidentiality of Submission

A report may be submitted by any of the means described above (i) in the name of the party submitting the report without any limitation, (ii) in the name of the party submitting the report with a request for confidential treatment or (iii) anonymously. A request for confidential treatment means that the name of the party submitting the report will be revealed only to the person to whom the report has been submitted, to the members of the Audit Committee and to such other persons as the party receiving the report and the Audit Committee reasonably determine is advisable in order to carry out an appropriate and adequate evaluation or investigation of the matters described in the report or as otherwise necessary in order to comply with applicable law. If a report could not be made anonymously, it would be a violation of these Procedures and any other applicable Company policy for the protection of whistleblowers for any employee to seek to determine the identity of the party making the anonymous submission or, upon learning through any means the identity of the party making the anonymous submission, to divulge such information to any other party. Parties are cautioned that transmission of information by way of regular email systems typically reveals the identification of the sender, and that email services provided by the Company periodically may be reviewed by Company personnel. As a result, submitting a report of the type contemplated by these Procedures by way of the Company's (or any other) regular email system may not be an effective means for submitting either a confidential or an anonymous report. The Company has established, as part of its ongoing compliance program, an ethics telephone hotline referenced above to which persons may submit a report anonymously and that does not reveal the identity of the sender. In considering the manner of submitting any report under these Procedures, employees should also take into account the matters described under Section 2.6.

Section 2 Handling of Reports

The following steps shall be taken with respect to each report received:

2.1 Preservation

Any person designated under these Procedures to receive a report and who receives a report in any written form (including by email) will take appropriate steps to ensure that a paper or electronic copy of the report is preserved, as the case may be. Any person designated to receive a report who receives a report by voicemail shall take appropriate steps to cause an accurate transcription to be made and to ensure that a paper copy of the transcription is preserved. Any person designated to receive a report who receives an oral report shall promptly prepare a reasonable summary of the report and shall take appropriate steps to ensure that a paper copy of the summary is preserved.

2.2 Response to Reporting Party

Upon receipt of a report, the party to whom the report has been submitted will, unless the report has been submitted anonymously, promptly acknowledge receipt of the report from the sender in writing.

2.3 Audit Committee Review

Upon receipt of a report of the type contemplated by these Procedures, the Audit Committee (or its designee) will be responsible for overseeing and directing the evaluation of the report. Such evaluation may be made independently of Company management if the Audit Committee so chooses under the circumstances. Any review and evaluation of a report will include consideration of whether the matters described in the report pertain to questionable accounting or auditing matters or possible violations of applicable securities laws, the merits of the report and whether further review and/or investigation is warranted. The Audit Committee (or its designee) shall have the authority to utilize the services of any Company personnel or retain (at the Company's expense) any third-party consultants and/or advisors it deems appropriate under the circumstances to assist in its evaluation. Any decision by the Audit Committee to review or investigate any matter brought to its attention as a result of these Procedures will not in any way be, or be deemed to be, a determination by the Audit Committee or the Company that any actions or inactions that are the subject of the report have, in fact, occurred or constitute questionable accounting or auditing matters or possible violations of applicable securities laws. The Audit Committee (or its designee) will maintain a log of all reports of the type contemplated by these Procedures that are submitted and the status of any such reports, and the Audit Committee will establish and maintain regular procedures to review (no less frequently than quarterly) the status of reports received.

2.4 Conduct of Investigations

If the Audit Committee (or its designee) determines that further review or investigation of the matters raised in a report would be appropriate under the circumstances, the Audit Committee (or its designee) will promptly notify those parties the Audit Committee deems appropriate, promptly have such a review or investigation undertaken and authorize the retention (at the Company's expense) of any third-party consultants and/or advisors it deems appropriate. At the conclusion of such review and/or investigation, the Audit Committee will determine by majority vote what, if any, remedial action is appropriate. The Audit Committee will consult with and coordinate with the full Board of Directors as the Audit Committee deems appropriate. All officers, directors, employees, contractor, subcontractor and agents of the Company ("**Representatives**") have an obligation to cooperate and comply with any review or investigation initiated by the Audit Committee pursuant to these Procedures.

2.5 Delegation

The Audit Committee may delegate the responsibility to oversee, evaluate and investigate reports to one of its members or to any other designee as it deems appropriate.

2.6 Notification of Others

At any time during a review and/or investigation of a report, the Chair of the Audit Committee may notify the Company's Chief Executive Officer, Chief Financial Officer, General Counsel, any director or the Company's independent auditor of the receipt of a report and/or the progress or results of any review and/or investigation of the report and will provide such level of detail as may be necessary to allow for appropriate consideration by such parties of the Company's ongoing disclosure obligations, including with regard to any required officer certifications. The Audit

Committee may also disclose the misconduct described in a report to a governmental or regulatory authority as it deems appropriate.

Section 3 Non-Retaliation

Neither the Company nor any of its Representatives will discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee with regard to his or her employment (a) based upon any lawful action of that employee of the type contemplated by these Procedures, (b) because the employee has provided information to, or assisted in an investigation by, (i) supervisory personnel of the Company or (ii) any federal regulatory or law enforcement agency, regarding the activities the employee reasonably believes are a violation of applicable antifraud laws or any rule or regulation of a securities regulatory authority, or (c) because the employee filed, testified, participated in or otherwise assisted in a proceeding that has been filed or is about to be filed relating to alleged fraudulent activities or violations of rules and regulations of a securities regulatory authority. The Company further hereby prohibits its officers, directors, employees, contractors, subcontractors and agents from taking any such retaliatory action. For the Company to implement this policy effectively, it is critical that all employees and other persons respond to and report any concerns of retaliatory behavior. If an employee or other person believes that he or she has been subject to retaliation because he or she has taken any of the actions referenced above, or an employee or other person is aware that any such retaliation may have been made against any other employee, the employee or other person should report such conduct to the persons designated in Section 1.2 above to receive a report under these Procedures or to a member of the Company's Human Resources Department, if any or to a member of the Company's management.

The Company will review promptly any complaint of retaliatory or other similar behavior. Complaints and investigations will be handled in a confidential manner, consistent with any corrective action that needs to be taken by the Company. Employees should note that they personally may be subject to criminal liability if they retaliate against a person because such person provided truthful information to law enforcement officials regarding the commission or possible commission of a federal offense.

Section 4 Destruction of Documents and Other Items

Employees should retain documents or other items that relate to any investigation or other official proceeding that is pending with a government department or agency. If an employee receives a request concerning the alteration, concealment or destruction of a document that the employee believes is improper, the employee is entitled to and should contact his or her supervisor if appropriate or any of the other persons who are designated under Section 1.2 to receive reports under these Procedures.

Section 5 Review of Policies and Procedures

The Audit Committee will review and evaluate Procedures on an annual basis to determine whether the Procedures are effective in providing a confidential and anonymous procedure to report violations or complaints regarding questionable accounting or auditing matters.

Section 6 Questions

Employees are strongly encouraged to raise concerns they may have regarding the application of the standards contained in these Procedures. If you have a question about any aspect of these

Procedures, you may submit it directly or through an intermediary to the Company's General Counsel. All such inquiries will be treated confidentially, as described herein.

Date of Implementation: November 26, 2020

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CERTIFICATE

I certify that I have read and fully understand IM Cannabis Corp.'s Whistleblower Policy and will comply fully with its provisions

Per: _____
Signature

Name

Position

Date