



INMED PHARMACEUTICALS INC.

("InMed" or the "Company")

TERMS OF REFERENCE AND GUIDELINES FOR DIRECTORS

A. TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

1. Purpose

- (a) These terms of reference are for the board of directors (the "**Board**") of the Company.
- (b) The Board has the responsibility to oversee the conduct of the business of the Company and to supervise management, which is responsible for the day-to-day conduct of business. It is the overall responsibility of the Board that the Company meets its obligations on an ongoing basis and operates in a reliable and safe manner. In performing its functions, the Board also considers the legitimate interests that other stakeholders such as employees, suppliers, customers and communities may have in the Company. In supervising the conduct of business, the Board through the Chief Executive Officer ("**CEO**") shall set the standards of conduct for the Company.

2. Organization and Procedures

- (a) The Board is to be composed of a majority of individuals who are "independent" within the meaning of *National Instrument 58-101 – Disclosure of Corporate Governance Practices, Rule 5605(a)(2) of the Nasdaq listing standards*, as amended, and Rule 10C of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and "non-employee" is defined in accordance with Rule 16b-3 of the Exchange Act. A director is independent if, in the opinion of the Board, he or she has no direct or indirect material relationship with the Company. A "material relationship" is a relationship, which could, in the opinion of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment in carrying out the responsibilities of a director.
- (b) The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself.
- (c) The Board retains the responsibility for managing its own affairs including by:
 - (i) selecting its Chair;
 - (ii) if the Chair is not independent, developing a procedure to provide leadership for its independent directors;

- (iii) nominating candidates for election to the Board, after considering the recommendations of the Nominating and Governance Committee;
 - (iv) constituting committees of the Board;
 - (v) determining director compensation; and
 - (vi) holding regularly scheduled meetings at which members of management are not in attendance.
- (d) Subject to the Articles of the Company and the *Business Corporations Act* (British Columbia), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

3. Duties and Responsibilities

- (a) Selection of Management. With respect to the selection of management:
- (i) the independent, non-employee members of the Board have the responsibility: (i) to appoint and replace the CEO; (ii) to monitor the CEO's performance; (iii) to approve the CEO's compensation; (iv) to provide advice and counsel in the execution of the CEO's duties; and (v) to the extent feasible, to satisfy itself as to the integrity of the CEO and other executive officers in order to create a culture of integrity throughout the organization;
 - (ii) acting upon the advice of the CEO, and the recommendation of the Compensation Committee, the independent, non-employee members of the Board have the responsibility for approving the appointment and remuneration of all corporate officers; and
 - (iii) the Board has the responsibility for ensuring that plans have been made for management succession for executive management, including appointing, training and monitoring senior management.
- (b) Orientation and Continuing Education. With respect to orientation and continuing education:
- (i) the Board shall ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and energy that the Board expects from its directors); and
 - (ii) the Board shall 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 business of the Company remains current.
- (c) Monitoring and Acting. The Board has the responsibility:
- (i) for monitoring the progress of the Company towards its goals, and to revise and alter its direction through management in light of changing circumstances;

- (ii) for approving dividends by the Company to shareholders of the Company;
 - (iii) for approving financing by the Company;
 - (iv) for the identification of the principal risks of the business of the Company and taking all reasonable steps to ensure the implementation of appropriate systems to manage these risks;
 - (v) for directing management to ensure systems are in place for the implementation and integrity of the internal control and management information systems of the Company; and
 - (vi) for directing management to ensure appropriate disclosure controls and procedures are in place to enable information to be recorded, processed, summarized and reported within the time periods required by law.
- (d) Strategy Determination. The Board has the responsibility:
- (i) to adopt a strategic planning process and approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business of the Company;
 - (ii) to review with management the mission of the business, as well as objectives and goals, and the strategy by which it proposes to reach those goals; and
 - (iii) to review progress in respect to the achievement of the goals established in the strategic plans.
- (e) Policies and Procedures. The Board has the responsibility:
- (i) to approve and monitor compliance with all significant policies and procedures by which the Company is operated; and
 - (ii) to direct management to implement systems which are designed to ensure that the Company operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.
- (f) Compliance Reporting and Corporate Communications. The Board has the responsibility:
- (i) to ensure that the financial performance of the Company is adequately reported to shareholders and other security holders in order that the Company can meet its responsibilities to report the financial performance to shareholders of the Company and regulators on a timely and regular basis;
 - (ii) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
 - (iii) to ensure that the Company has appropriate disclosure controls and procedures that enable information to be recorded, processed, summarized and reported within the time periods required by law;
 - (iv) to ensure the timely reporting of any developments that are required to be disclosed by applicable law;

- (v) to provide information to enable the Company to report annually to shareholders of the Company on the stewardship of the directors of the Company for the preceding year; and
- (vi) to assist the directors of the Company to enable it to communicate effectively with shareholders of the Company, stakeholders and the public generally.
- (g) General Legal Obligations of the Board of Directors. With respect to the general legal obligations of the Board:
 - (i) The Board is responsible for directing management to ensure that legal requirements have been met, and that documents and records have been properly prepared, approved and maintained.
 - (ii) The *Business Corporations Act* (British Columbia) identifies the following, among other things, as legal requirements for the Board and individual directors:
 - (A) to manage the affairs and business of the Company including the relationships with the direct and indirect subsidiaries of the Company, their members or security holders, directors and officers;
 - (B) to act honestly and in good faith with a view to the best interests of the Company;
 - (C) to exercise the care, diligence and skill of a reasonably prudent person; and
 - (D) in particular, the following matters must be considered by the Board as a whole:
 - (1) to submit to the shareholders of the Company any question or matter requiring the approval of the shareholders;
 - (2) to fill a vacancy among the directors or in the office of the auditor of the Company;
 - (3) to issue securities except in the manner and on the terms authorized by the directors;
 - (4) to declare dividends by the Company;
 - (5) to purchase, redeem or otherwise acquire shares issued by the Company;
 - (6) to pay a commission to any person in consideration of that person purchasing or agreeing to purchase shares or other securities of the Company or procuring or agreeing to procure purchasers for any such shares or other securities of the Company;
 - (7) to approve a management proxy circular;
 - (8) to approve a take-over bid circular or directors' circular;

- (9) to approve any financial statements; and
- (10) to adopt, amend or repeal Articles of the Company.

B. TERMS OF REFERENCE FOR A DIRECTOR

1. Goals and Objectives

As a member of the Board, each of the directors shall:

- (a) fulfil the legal requirements and obligations of a director which includes a comprehensive understanding of the statutory and fiduciary roles;
- (b) represent the interests of all shareholders of the Company in the governance of the Company ensuring that the best interests of the Company are paramount; and
- (c) participate in the review and approval of the Company's policies and strategy and in monitoring their implementation.

2. Duties and Responsibilities

- (a) Board Activity. As a member of the Board, each director shall:
 - (i) exercise good judgment and act with integrity;
 - (ii) use his or her abilities, experience and influence constructively;
 - (iii) be an available resource to management and the Board;
 - (iv) respect confidentiality;
 - (v) advise the CEO and/or Chair when introducing significant and/or previously unknown information or material at a Board meeting;
 - (vi) understand the difference between governing and managing, and not encroach on management's area of responsibility;
 - (vii) identify potential conflict areas - real or perceived - and ensure they are appropriately identified and reviewed;
 - (viii) when appropriate, communicate with the Chair and CEO between meetings;
 - (ix) demonstrate a willingness and availability for one on one consultation with the Chair and CEO;
 - (x) evaluate the performance of the CEO and the Company; and
 - (xi) assist the Company in meeting the long-term objectives of the Company.
- (b) Preparation and Attendance. To enhance the effectiveness of Board and committee meetings, each director shall:

- (i) prepare for Board and committee meetings by reading reports and background materials prepared for each meeting;
 - (ii) maintain an excellent Board and committee meeting attendance record;
 - (iii) attend the annual shareholders meeting either in-person or remotely;
 - (iv) have acquired adequate information necessary for decision making.
- (c) Communication. Communication is fundamental to Board effectiveness and therefore each Board member shall:
- (i) participate fully and frankly in the deliberations and discussions of the Board;
 - (ii) encourage free and open discussion of the affairs of the Company by the Board and its members;
 - (iii) ask probing questions, in an appropriate manner and at proper times; and
 - (iv) focus inquiries on issues related to strategy, policy, implementation and results rather than issues relating to the day to day management of the Company.
- (d) Independence. Recognizing that the cohesiveness of the Board is an important element in its effectiveness, each director shall:
- (i) be a positive force with a demonstrated interest in the long-term success of the Company; and
 - (ii) speak and act independently.
- (e) Board Interaction. As a member of the Board, each director shall strive to establish an effective, independent and respected presence and a collegial relationship with other Board members.
- (f) Committee Work. In order to assist Board committees in being effective and productive, each director shall:
- (i) participate on committees and become knowledgeable with the purpose and goals of the committee; and
 - (ii) understand the process of committee work, and the role of management and staff supporting the committee.
- (g) Business, Corporate and Industry Knowledge. Recognizing that decisions can only be made by well-informed Board members, each director shall:
- (i) become generally knowledgeable of the Company's research and development, products, services and industry in which it operates;
 - (ii) develop an understanding of the unique role of the Company within its various communities;

- (iii) maintain an understanding of the regulatory, legislative, business, social and political environments within which the Company operates;
- (iv) become acquainted with the officers of the Company;
- (v) remain knowledgeable about the Company's facilities and visit them when appropriate; and
- (vi) be an effective ambassador and representative of the Company.

C. ADMINISTRATIVE GUIDELINES FOR THE BOARD OF DIRECTORS

1. The Board assumes the responsibility for the stewardship of the business of the Company. While, in law, the Board is called upon to manage the business, this is done by proxy through the CEO who is charged with the day-to-day leadership and management of the business of the Company.
2. The Board has the authority and obligation to protect and enhance the assets of the Company in the interest of all shareholders. Although directors are elected to bring special expertise or a point of view to Board's deliberations, the best interests of the business of the Company must be paramount at all times.
3. Terms of reference for the Board, the Chair, committees and the CEO are annually reviewed by the Nominating and Governance Committee, or other committee where applicable, and any changes are recommended to the Board for approval.
4. Every year the Board reviews and approves a long-range strategic plan and one-year operating and capital plans for the business of the Company.
5. The Board has concluded that the appropriate size for the Board is five members.
6. All directors stand for election every year.
7. The Board does not believe that directors who retire from or otherwise change their current position responsibilities should necessarily retire from the Board. There should, however, be an opportunity for the Board, through the Nominating and Governance Committee, to review the appropriateness of continued Board membership.
8. The Board believes there should be a majority of independent directors on the Board.
9. The Board currently supports the concept of the separation of the role of Chair from that of the CEO. The Board is able to function independently of management when necessary and the Chair's role is to effectively manage and provide leadership to the Board and to interface with the CEO.
10. The Board will evaluate the performance of the CEO at least annually. The evaluation will be based on criteria that include the performance of the business of the Company, the accomplishment of long-term strategic objectives and other non-quantitative objectives established at the beginning of each year.
11. The Chair of the Board, with the assistance of the CEO, will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda.
12. The Board will meet at least four times per year and schedule meetings reasonably in advance.

13. Materials will be delivered at least three days in advance of meetings for items to be acted upon. Presentations on specific subjects at director and Board meetings will only briefly summarize the material sent to directors so that discussion can be focused on issues relevant to the material.
14. The Board encourages the CEO to bring employees into Board meetings who can provide additional insight into the items being discussed because of personal involvement in these areas, and/or employees whom represent future potential who the CEO wishes to bring to the attention of the Board.
15. The Board is responsible, in fact as well as in procedure, for selecting candidates as directors or for Board membership. The Board delegates the screening process to the Nominating and Governance Committee.
16. The Nominating and Governance Committee will annually assess the effectiveness of the Board and its committees.
17. Committees established by the Board analyze in-depth policies and strategies, usually developed by management, which are consistent with their terms of reference. They examine proposals and where appropriate make recommendations to the full Board. Committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so.
18. From time to time the Board may create ad hoc committees to examine specific issues on behalf of the Board.
19. Committee members and committee chairs are appointed by the directors and the Board respectively, and where possible, consideration is given to having directors rotate their committee assignments.
20. Committees annually review their terms of reference and changes are recommended to the Board through the Nominating and Governance Committee for approval.
21. Succession and management development plans will be reviewed by the Compensation Committee and reported annually by the CEO to the Board.
22. The Board ensures new directors are appropriately introduced to the Company and the industry of the Company and that directors receive the necessary ongoing industry training and development.
23. The Board shall regularly meet in executive session without management present, as required by Rule 5605(b)(2) of the Nasdaq listing standards.
24. The Board and committees may engage separate independent counsel and/or advisors at the expense of the Company. An individual director may engage separate independent counsel and/or advisors at the expense of the Company in appropriate circumstances with the approval of the Chair.
25. The Board may annually develop a calendar of activities or forward agenda to be undertaken by the Board for each ensuing year and review and approve same following each annual general meeting of shareholders.
26. These Administrative Guidelines are reviewed and approved annually by the Board.

These Terms were adopted by the Board on April 22, 2020.