

## **MANDATE FOR THE BOARD OF DIRECTORS**

### **1. INTRODUCTION**

The Board of Directors (the “Board”) of Track Group, Inc. has the responsibility for the overall stewardship of the conduct of the business of the Company and the activities of management. Management is responsible for the day-to-day conduct of the business. The Board’s fundamental objectives are to enhance and preserve long-term stockholder value, and to ensure the Company meets its obligations on an ongoing basis and that the Company operates in a reliable and safe manner. In overseeing the conduct of the business, the Board, through the Chief Executive Officer and Chief Financial Officer, shall set the standards of conduct for the Company.

### **2. PROCEDURES AND ORGANIZATION**

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, nominating candidates for election to the Board and constituting committees of the Board. Subject to the Company’s Articles of Incorporation and Bylaws and the corporation law of the State of Delaware, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

### **3. RESPONSIBILITIES**

The Board’s principal duties and responsibilities fall into a number of categories which are outlined below. The Board may fulfill such duties and responsibilities directly or through duly appointed and constituted committees of the Board in accordance with applicable laws.

#### **3.1. Legal Requirements**

The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained. The Board has the statutory responsibility to: (a) manage or, to the extent it is entitled to delegate such power, supervise the management of the business and affairs of the Company by the senior officers of the Company; (b) act honestly and in good faith with a view to the best interests of the Company; (c) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and (d) act in accordance with its obligations contained in the Company’s Certificate of Incorporation and Bylaws and in applicable law, including applicable securities laws, and the regulations thereto, and other relevant legislation and regulations.

#### **3.2. Independence**

The Board has the responsibility to ensure that appropriate structures and procedures are in place to permit the Board to function independently of management, including endeavoring to have a majority of independent directors as well as an independent Chair or an independent Lead Director.

#### **3.3. Strategy Determination**

The Board has the responsibility for the development and adoption of long-term goals and a strategic planning process for the Company and to participate with management directly or through its committees in developing and approving the mission of the business of the Company and the strategic plan by which it proposes to achieve its goals, which strategic plan takes into account, among other things, the opportunities and risks of the Company’s business. The Board monitors corporate performance against the strategic and

business plans, including assessing operating results to evaluate whether the business is being properly managed.

### 3.4. Managing Risk

The Board has the responsibility to identify and understand the principal risks of the business in which the Company is engaged, to achieve a proper balance between risks incurred and the potential return to stockholders, and to ensure that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Company. The Board has responsibility for effectively monitoring the Company's management of such risks. The Board monitors and ensures the integrity of the internal controls and procedures (including adequate management information systems) within the Company, as well as its financial reporting procedures.

### 3.5. Division of Responsibilities

The Board has the responsibility to (a) appoint and delegate responsibilities to committees where appropriate to do so, (b) develop position descriptions for the Chairman of the Board and Chief Executive Officer and (c) ensure that the directors of the Company's subsidiaries are qualified and appropriate in keeping with the Company's guidelines and that they are provided with copies of the Company's policies for implementation by the subsidiaries.

To assist it in exercising its responsibilities, the Board has established three standing committees of the Board: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The Board may also establish other standing committees from time to time. Each committee shall have a written charter that clearly establishes its purpose, responsibilities, members, structure and functions. Each committee shall be reviewed by the respective committee and the Board regularly. The Board is responsible for appointing committee members.

### 3.6. Appointment, Training and Monitoring Senior Management

The Board has the following responsibilities with respect to the appointment, training and mentoring of senior management of the Company:

(a) Appoint the Chief Executive Officer, monitor and assess the Chief Executive Officer's performance; satisfy itself as to the integrity of the Chief Executive Officer; provide advice and counsel in the execution of the Chief Executive Officer's duties; and develop or approve the corporate goals or objectives for which the Chief Executive Officer is responsible.

(b) Approve the appointment of all senior corporate officers considering the advice of the Chief Executive Officer and satisfy itself as to the integrity of such corporate officers.

(c) Ensure that adequate provision has been made to train, develop and compensate management and for the orderly succession of management and to ensure that all new directors receive a comprehensive orientation, fully understand the role of the Board and its committees, the nature and operation of the Company's business and the contribution that individual directors are required to make.

(d) Create a culture of integrity throughout the Company.

(e) Ensure that management is aware of the Board's expectations of management.

(f) Establish expectations and responsibilities of directors including attendance at meetings and review of meeting materials.

### 3.7. Policies, Procedures and Compliance

The Board has the responsibility to ensure that the Company operates at all times within applicable laws, regulations and ethical standards and to approve and monitor compliance with significant policies and procedures by which the Company is operated. The Board is responsible for ensuring appropriate standards of corporate conduct including, adopting a corporate code of ethics for all employees and senior management, and monitoring compliance with such code, if appropriate.

### 3.8. Reporting and Communication

The Board has the following responsibilities with respect to the Company's reporting and communication obligations:

(a) Ensure the Company has in place policies and programs to enable the Company to communicate effectively with its stockholders, other stakeholders and the public generally.

(b) Ensure that the financial performance of the Company is adequately reported to stockholders, other security holders and regulators on a timely and regular basis.

(c) Approve the interim and audited financial statements and the notes thereto and the Company's management discussion and analysis with respect to such financial statements.

(d) Develop appropriate measures for receiving stockholder feedback.

(e) Develop the Company's approach to corporate governance and to develop a set of corporate governance principles and guidelines.

### 3.9. Monitoring and Acting

The Board has the following responsibilities with respect to monitoring the Company's performance:

(a) Monitor the Company's progress towards its goals and objectives and revise and alter its direction through management in response to changing circumstances.

(b) Take action when performance falls short of its goals and objectives or when other special circumstances warrant.

(c) Regularly assess the performance of its, its committees' and each individual director's effectiveness and contribution.

## **4. MANDATE REVIEW**

The Board will review and reassess the adequacy of this Mandate for the Board every twelve to eighteen months.

## **5. ADOPTION**

This Mandate for the Board was adopted by the Board on December 13, 2017.