

# **DIRECTOR INDEPENDENCE STANDARDS**

## **DeepShield Systems, Inc.**

*As adopted by the Board of Directors on March 15, 2024*

### **1. PURPOSE AND SCOPE**

1. The Board of Directors (the "Board") of DeepShield Systems, Inc. (the "Company") has adopted these Director Independence Standards to assist in determining whether a director qualifies as an "independent director" pursuant to applicable laws, rules and regulations, including the requirements of the Securities Exchange Act of 1934, as amended, and the rules of the Nasdaq Stock Market ("Nasdaq").

2. These standards shall be applied by the Board in its business judgment, considering all relevant facts and circumstances.

### **2. INDEPENDENCE CRITERIA**

#### **1. \*\*Basic Independence Definition\*\***

A director shall be considered independent only if the Board affirmatively determines that the director has no material relationship with the Company, either directly or as a partner, shareholder, or officer of an organization that has a relationship with the Company.

#### **2. \*\*Categorical Standards\*\***

A director shall not be considered independent if:

(a) The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company;

(b) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service;

(c) The director is a current partner or employee of the Company's independent auditor, or an immediate family member is a current partner of the Company's independent auditor;

(d) The director or an immediate family member was within the last three years a partner or employee of the Company's independent auditor and personally worked on the Company's audit within that time;

(e) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers serves or served on that company's compensation committee;

(f) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

### **3. ADDITIONAL CONSIDERATIONS**

#### **1. \*\*Industry-Specific Relationships\*\***

Given the Company's focus on industrial cybersecurity and critical infrastructure protection, the Board shall specifically evaluate:

(a) Any relationship where the director serves as an executive officer or director of a customer or supplier in the industrial control systems or operational technology security sector;

(b) Any consulting or advisory relationship related to cybersecurity or industrial automation systems;

(c) Any relationship with competing providers of industrial cybersecurity solutions.

#### **2. \*\*Materiality Assessment\*\***

In determining materiality of relationships, the Board shall consider:

(a) The nature and size of any commercial relationship;

(b) The extent of personal or business relationships with management;

(c) The director's tenure and historical relationship with the Company;

(d) Any potential conflicts arising from cybersecurity industry affiliations.

### **4. REVIEW PROCEDURES**

1. The Board shall undertake an annual review of director independence.

2. Each director shall promptly notify the Board of any change in circumstances that may affect their

independence status.

3. The Nominating and Corporate Governance Committee shall:

- (a) Review these standards annually and recommend any appropriate changes;
- (b) Assess director independence prior to nominating any new director;
- (c) Maintain records of all independence determinations.

## **5. DISCLOSURE**

1. The Company shall disclose in its proxy statement:

- (a) Directors determined to be independent;
- (b) Any transactions or relationships considered in independence determinations;
- (c) The standards used in making independence determinations.

## **6. AMENDMENTS**

1. These Director Independence Standards may be amended at any time by majority vote of the Board.

## **7. EFFECTIVE DATE**

1. These standards shall be effective immediately upon adoption by the Board and shall supersede any prior independence standards.

ADOPTED by resolution of the Board of Directors on March 15, 2024.

/s/ Robert Kessler

Robert Kessler

Corporate Secretary

DeepShield Systems, Inc.