

Policy on Financial Management and Control

1. Effective date

1.1 This policy was approved by the Board of Directors of LiveWell Foods Canada Inc. (the Board) and takes effect on December XX, 2017. This policy is mandatory for LiveWell Foods Canada Inc. and the related group of companies (together the LiveWell Group).

2. Authorities

2.1 This policy is issued by the Board pursuant to financial management and control governance best-practices for emerging and listed companies, including:

- **Institute of Corporate Directors** (icd.ca) – governance and audit committee policies
- **Ontario Securities Commission** (osc.gov.on.ca) – statement of governance practices, and corporate governance disclosure | compliance requirements
- **TSX – TMX** (tmx.com) – TSX Company Manual, standards for listed companies
- **COSO** (coso.org) – integrated internal control framework, and enterprise risk management, governance and guidance
- **IFRS** (ifrs.org) - International Financial Reporting Standards, transparency and accountability
- **Office of the Superintendent of Financial Institutions** (osfi-bsif.gc.ca) – corporate governance guidelines and expectations of boards – standards of sound business and financial practices
- **Conference Board of Canada** (conferenceboard.ca) - thought leadership on risk and governance
- **Canadian Coalition for Good Governance** (ccgg.ca) – governance stewardship principles

2.2 The Board has the sole authority to approve policy, and has delegated to the chief executive officer the authority to:

2.2.1 Approve amendments and exceptions to operational directives, including standards, mandatory procedures and other guidance, related to this policy.

3. Objectives and expected results

3.1 The objective of this policy is as follows:

3.1.2 Financial resources and controls of the LiveWell Group are well managed in the delivery of corporate strategy to customers and our people, and safeguarded through balanced controls that enable flexibility and manage risk.

3.2 The expected results of this policy are:

- Governance and oversight over financial management and controls are effective;
- Internal controls over financial management and financial reporting are effective;

- Financial information supports decision making and accountability to stakeholders;
- Standardized and efficient financial management practices and controls are in place; and
- The financial management workforce, both employed and outsourced, is agile and sustainable.

4. Duties and responsibilities

4.1 The Chief Executive Officer (CEO) of the LiveWell Group is responsible for the following:

Governance and oversight

4.1.1 Designating, in coordination with the Chair of the Board, and the Chair of the Finance and Audit Committee of the Board, respectively;

- a President to lead the delivery of the LiveWell Group strategy and operational functions; and
- a Chief Financial Officer (CFO) to lead the LiveWell Group financial management and related disclosure functions;

4.1.2 Establishing, with support of the President, corporate governance and oversight to ensure that:

- Executives of the LiveWell Group and the CFO:
 - Are aware of their financial management and control responsibilities;
 - Have the necessary knowledge to carry them out; and
 - Monitor financial management performance within their areas of responsibility;
- The CFO is empowered to provide strategic financial and business advice and support to Executives of the LiveWell Group; and
- The delegation of financial authorities is risk-based, taking into consideration the timely delivery of corporate strategy, empowerment of individuals and corporate controls;

4.1.3 Investigating and acting, with support of the President, when significant issues regarding policy compliance arise, and ensuring that appropriate remedial action is taken to address such issues within the LiveWell Group;

4.1.4 Ensuring that the CFO advises the Chair of the Finance and Audit Committee of the Board on a timely basis when there are difficulties in complying with this policy, it's supporting instruments or other direction;

4.1.5 Advising the Chair of the Board, and Chair of the Finance and Audit Committee of the Board, on a timely basis when there are issues that pose a critical financial risk to the LiveWell Group, including the possibility that the LiveWell Group, individual companies or collectively, may exceed its financial capacity.

Internal controls

4.1.6 Ensuring, with support of the President, that a risk-based corporate group system of internal control over financial management, and internal control over financial reporting are established, monitored and maintained.

Financial information

4.1.7 Ensuring, with support of the President, that timely and accurate financial information and disclosures are available to support decision making in and across the LiveWell Group;

4.1.8 Recommending for approval to the Finance and Audit Committee of the Board key financial statements, disclosures, regulatory filings, and reports, including the following:

- Corporate business plans, investment strategies, regulatory filings, budgets and forecasts;
- Quarterly financial reports, statements, and disclosures, including the annual report, management discussion and analysis, and annual audited financial statements;
- Annual statement of management responsibility including internal control over financial reporting certifications where requested by the Board, including a summary of the annual assessment of the system of internal control over financial reporting;
- Management letters of representation to the auditor and regulators in support of audits, public disclosures, and regulatory requirements; and
- Other documents as required.

Financial management workforce

4.1.9 Ensuring, with support of the President, the development of talent management and succession plans that:

- Demonstrate that the LiveWell Group has ongoing strategic leadership capabilities and the capacity to lead the financial management workforce, both employed and outsourced;

4.1.10 Ensuring that the CFO:

- Reports directly to the CEO of the LiveWell Group;
- Is not assigned non-financial corporate responsibilities that would compromise their objectivity or financial capabilities;
- Possesses executive level qualifications and experience relative to the depth and breadth of financial operations and requirements of the LiveWell Group; and
- A designation bestowed by the Chartered Professional Accountants of Canada (CPA Canada);

4.1.11 Consulting with the Chair of the Finance and Audit Committee of the Board, and the President, regarding creating a CFO position, and prior to:

- The appointment, deployment, replacement or departure of a CFO; and
- Consideration of a CFO who does not hold a designation bestowed by CPA Canada.

4.2 The CFO of the LiveWell Group is responsible for the following:

Governance and oversight

4.2.1 Supporting the CEO and President in fulfilling their financial management and control responsibilities and accountabilities;

4.2.2 Leading and managing the LiveWell Group financial management and related disclosure functions, including the following:

- Providing strategic financial and business advice to support the CEO, President, and Executives of the LiveWell Group to ensure that:
 - strategic | operational plans and key business decisions are based on sound financial analysis; and
 - financial results are integrated into the management of corporate performance;
- Leading the LiveWell Group financial planning and budgeting processes, including the following:
 - the timely allocation of budgets; and
 - the provision of tools to forecast and manage financial resources;
 - assessing financial capacity and pressures, both on an in-year and multi-year basis, and recommending resource | financial management strategies, including opportunities to reallocate funds; and
 - ensuring that corporate financial plans, budgets, financial performance and financial position are regularly communicated and integrated into LiveWell Group strategic planning processes;

4.2.3 Designating a Controller who has appropriate qualifications and designation with CPA Canada to ensure the ongoing leadership of the LiveWell Group's financial management and related disclosure functions;

4.2.4 Performing a challenge function on financial management and related disclosure matters, including assessing the LiveWell Group's financial plans, and forecasts to determine whether:

- Financial resources are aligned with corporate strategy and priorities;
- Key financial assumptions underlying the plans are reasonable and their multi-year impacts have been assessed;
- Financial risks and mitigating strategies are identified; and
- The anticipated multi-year financial position of the LiveWell Group is reasonable;

4.2.5 Serving as the primary contact point with Chair of the Finance and Audit Committee of the Board, and the external auditor where appropriate, on all matters related to LiveWell Group financial management, control and related disclosure matters;

4.2.6 Advising the CEO, President, and Chair of the Finance and Audit Committee of the Board on a timely basis if:

- There is a critical financial risk to the LiveWell Group, including where there is a possibility that the LiveWell Group may exceed its financial capacity;
- There are significant LiveWell Group financial transactions that involve uncertain or unusual circumstances; or
- There are difficulties complying with this policy, its supporting instruments or other direction from the CEO;

4.2.7 Advising the Chair of the Finance and Audit Committee of the Board on a timely basis if the CEO does not accept the CFO's advice on a significant financial matter.

Internal controls

4.2.8 Establishing, monitoring and maintaining a risk-based system of internal control over financial management to provide reasonable assurance that:

- LiveWell Group resources are used prudently and in an economical manner;
- Financial management processes are effective and efficient; and
- Relevant legislation, regulations and financial management policy instruments are being complied with;

4.2.9 Establishing, monitoring and maintaining a risk-based system of internal control over financial reporting, as demonstrated by certifications in the Annual Statement of Management Responsibility Including Internal Control Over Financial Reporting where requested by the Board, to provide reasonable assurance, at a minimum, that:

- Records are maintained that support and represent fairly all financial transactions;
- Recording of financial transactions allows for the preparation of internal and external financial information, reports, disclosures, regulatory filings, and statements in compliance with financial management policy instruments;
- Revenues and expenditures are managed in accordance with delegated authorities, and unauthorized transactions that could have a material effect on the financial statements are prevented or detected in a timely manner; and
- Financial resources are safeguarded against material loss due to waste, abuse, mismanagement, errors, fraud, omissions and other irregularities;

4.2.10 Ensuring that prompt corrective action is taken when control weaknesses and material unmitigated risks are identified, including the risk of fraud, in the system of internal control over financial management and financial reporting.

Financial information

4.2.11 Maintaining and reporting timely and accurate LiveWell Group financial information and related disclosures;

4.2.12 Integrating financial information with non-financial performance information to support decision making, risk management, and corporate performance;

4.2.13 Ensuring the accuracy and reasonableness of key LiveWell Group financial information, control assessments, financial statements, disclosures, regulatory filings, and reports, including the following:

- Business plans, capital investment, and regulatory filing documents by way of a CFO attestation, for the Board’s review and approval;
- Financial reports, disclosures, and statements, including audited annual financial statements and regulatory filings;
- Annual Statement of Management Responsibility Including Internal Control Over Financial Reporting where requested by the Board, that would include a summary of:
 - The results of the annual assessment of the system of internal control over financial reporting, along with actions taken and future plans; and
 - The results of the annual assessment of the system of internal control over outsourced services, whether providing such services to other entities within the LiveWell Group, or provided by outsourced agents;
- Management letters of representation to the auditor in support of public disclosures and regulatory filings; and
- Other documents as required;

4.2.14 Notifying the CEO, President, and the Chair of the Finance and Audit Committee of the Board, of any subsequent material errors or changes in respect to information referred to in subsection 4.2.13 of this policy.

Efficient financial management practices

4.2.15 Ensuring that the LiveWell Group pursues opportunities and actively collaborates with other leading companies, regulators, and standard setters to continuously improve and standardize the financial management and related disclosure functions to achieve greater efficiencies;

4.2.16 Seeking the endorsement of the CEO, President, and Chair of the Finance and Audit Committee of the Board for LiveWell Group investments in financial management systems, whether managed internally or outsourced, including communicating the results and benefits of those investments, as requested.

Financial management workforce

4.2.17 Ensuring that the Controller possesses a designation bestowed by CPA Canada;

4.2.18 Developing a sustainable talent management strategy and succession plan to ensure that the LiveWell Group has the capacity to deliver the financial management workforce;

4.2.19 Providing leadership, both within and across the LiveWell Group, in cultivating a high-performing financial management culture, and supporting related community development initiatives.

4.3 Executives of the LiveWell Group are responsible for the following:

Governance and oversight

4.3.1 Establishing governance and oversight to ensure that individuals responsible for financial management and related disclosures in their area of responsibility:

- Are aware of their financial management and control responsibilities and have the necessary training to carry them out;
- Exercise their delegated authorities in accordance with the Board approved delegation instruments and related corporate rules; and
- Monitor the financial management performance in their areas of responsibility;

4.3.2 Developing timely financial plans and budgets for their area of responsibility and ensuring that:

- Financial resources are aligned to support their corporate strategy and priorities;
- Key financial assumptions underlying plans and decisions are supported and their multi-year impacts have been identified and assessed; and
- Financial risks and mitigating strategies are identified;

4.3.3 Regularly monitoring and communicating to the CFO the status of their financial plans, budgets, performance and financial position;

4.3.4 Seeking the advice and support of the CFO for matters related to financial management and related disclosures within their area of responsibility, including the following:

- Corporate business plans, investment strategies, regulatory reports, budgets and forecasts;
- Preparing financial reports and disclosures, including quarterly financial reports, statements, and disclosures, and the annual report, management discussion and analysis, and annual audited financial statements;
- Ensuring the application of financial controls;
- Developing cost estimates and evaluating financial risks;
- Considering key strategic and operational decisions with significant financial management implications; and
- Integrating financial and performance results to support management of corporate performance; and
- Other documents as required;

4.3.5 Notifying the President and CFO when they anticipate being unable to comply with this policy, its supporting instruments, or other direction from the CEO;

Internal controls

- 4.3.6 Implementing and maintaining a risk-based system of internal control over financial management in their area of responsibility;
- 4.3.7 Notifying the President and CFO of material control weaknesses and ensuring that prompt corrective action is taken when control weaknesses are identified in their area of responsibility;

Financial information

- 4.3.8 Ensuring the accuracy and reasonableness of the financial and performance information and related regulatory and other disclosures reported externally and internally for their areas of responsibility;
- 4.3.9 Notifying the President, CFO, and the Chair of the Finance and Audit Committee of the Board if appropriate, of any subsequent material errors or changes to the information referred to in subsection 4.3.8 of this policy.

5. Consequences of non-compliance

5.1 For an outline of the consequences of non-compliance, refer to the framework for the management of compliance below, with example escalating consequences for individuals:

Minimal Consequences

Suasion

- Training and education
- Persuasion
- Coaching/mentoring

Moderate Consequences

Consent

- Reassignment
- Transfer or deployment
- Observations in performance appraisal

More Severe Consequences

Counteraction

- Disciplinary Reprimand (oral or written)
- Suspension
- Financial penalties
- No performance pay
- Removal of security classification
- Demotion
- Changes in delegated authority
- Unsatisfactory performance rating

Most Severe Consequences

Restraint

- Termination of employment
- Prohibit from contracting

Appendix A: Definitions

critical financial risk - An event with reasonable probability that a significant unfunded financial obligation may arise, the LiveWell Group may be unable to fulfill its strategy and commitments, or that the event may cause significant damage to the reputation of the LiveWell Group. The identification of a critical financial risk depends on the LiveWell Group's operating environment and management's professional judgment.

executives of the LiveWell Group - For the purposes of the Policy on Financial Management, executives of the LiveWell Group are typically executives within the LiveWell Group of companies who report directly to the CEO and | or Group President, and are accountable for effective financial management and related disclosures within their areas of responsibility.

financial management - A continuum of finance-related activities undertaken to ensure sound and prudent use of public funds in an effective, efficient and economical manner.

financial management system (FMS) - Any combination of business processes (end-to-end, automated and manual), procedures, controls, data and software applications, all of which are categorized as either program systems or central systems, that produces financial information and related non-financial information.

financial plan – A multi-year plan providing the basis for identifying the elements of the work and priorities to be delivered to achieve a LiveWell Group's strategy and commitments. A financial plan supports the development of the in-year LiveWell Group budget and related allocations of resources.

financial reporting - Internal and external financial reports and disclosures. Internal financial reporting can include financial information that supports decision making, risk assessment, planning, budgeting, resource allocations, accounting, performance assessments and reports. External reporting includes all financial statements, reports or disclosures, including those prepared for Parliament or designed to be made public.

internal control over financial management - A set of measures and activities that provide reasonable assurance of the effectiveness and efficiency of the financial management activities of the LiveWell Group.

internal control over financial reporting - A subset of the system of internal control over financial management. Internal control over financial reporting is a set of measures and activities that allow executive and senior management and users of financial statements to have reasonable assurance of the accuracy and completeness of the LiveWell Group's financial statements.