



## **The Audit and Finance Committee Charter**

Lifeist Wellness Inc.

Effective as of and from April 28, 2020

## **I. PURPOSE**

1. The Audit and Finance Committee (the "Committee") is a standing committee of the Board of Directors (the "Board") of Lifeist Wellness Inc. ("Lifeist" or the "Company"). Its purpose is to assist the Board in fulfilling its oversight responsibilities with respect to the integrity of Lifeist's financial statements, compliance with applicable legal and regulatory requirements, review of financial performance, assessment of the control systems and the recommendation and performance of Lifeist's independent auditors (the "Auditors").
2. The Committee shall also perform any other activities consistent with the Audit and Finance Committee Charter (this "Charter"), Lifeist's governing documents and applicable laws as the Committee or Board deems necessary or appropriate.
3. The Committee's role is one of oversight. It is not the responsibility of the Committee to determine that Lifeist's financial statements are complete and accurate and in accordance with international financial reporting standards ("IFRS") or to plan or conduct audits. The financial statements are the responsibility of Lifeist's management ("Management"). The Auditors are responsible for performing an audit and expressing an opinion on the fair presentation of Lifeist's financial statements in accordance with generally accepted auditing principles.

## **II. AUTHORITY**

1. The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Auditors as well as any officer of Lifeist, or Lifeist's outside counsel, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
2. The Committee shall have unrestricted access to Lifeist's books and records and has the authority to retain, at Lifeist's expense, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties. The Committee shall set the compensation, and oversee the work, of any outside counsel and other advisors.
3. The Committee may delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.
4. The Chairperson of the Committee ("Chairperson") or other member of the Committee so designated by the Committee may represent the Committee to the extent permitted by applicable legal and listing requirements.

## **III. PROCEDURAL MATTERS**

### **1. Composition and Qualifications of the Members of the Committee**

- (a) The Committee and its membership shall meet all applicable legal, regulatory and listing requirements.

- (b) The Committee shall, subject to the applicable exemptions available under National Instrument 52-110 – *Audit Committees* ("NI 52-110"), be composed of three or more directors, one of whom shall serve as Chairperson.
- (c) Each member of the Committee shall be an independent director of Lifeist. Each member of the Committee shall be free from any relationship that, in the opinion of the Board, could reasonably be expected to interfere with the exercise of his or her independence from Management, Lifeist, or the Auditors.
- (d) No member of the Committee can have participated in the preparation of Lifeist's or any of its subsidiaries' financial statements at any time during the past three years.
- (e) Each member of the Committee must be financially literate as determined by the Board. Each member of the Committee must be able to read and understand fundamental financial statements, including Lifeist's balance sheet, income statement and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. A member who satisfies the requirements of an Audit Committee Financial Expert will also be presumed to have financial sophistication.
- (f) No member of the Committee may serve simultaneously on the audit committee of more than two other public companies.

## **2. Member Appointment and Removal**

- (a) Members of the Committee and the Chairperson shall be appointed by the Board and may be removed by the Board in its discretion, with or without cause. The Committee will be elected annually at the first Board meeting following the annual general meeting.
- (b) If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all powers and responsibilities so long as there is quorum.

## **3. Committee Structure and Operations**

- (a) The Committee shall meet, at the discretion of the Chairperson or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirement, and a majority of the members of the Committee shall constitute a quorum.
- (b) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. In the case of a tie the Chairperson shall have a second or tie-breaking vote.
- (c) The Committee shall maintain minutes of meetings and periodically report to the Board on significant results of the Committee's activities.
- (d) The Committee may invite such other persons to its meetings as it deems appropriate.

- (e) The Auditors will have direct access to the Committee on their own initiative.
- (f) The Committee is governed by the same rules regarding notice and waiver of notice as are applicable to the Board.

#### **IV. DUTIES AND RESPONSIBILITIES**

##### **1. Financial Reporting**

The Committee shall review and recommend to the Board release by management of any materials reporting on the Company's financial performance or providing guidance on future results and ensure the disclosure accurately and fairly reflects the state of affairs of the Company, and is in accordance with international financial reporting standards ("IFRS"), including quarterly and annual financial statements, information circulars, annual information forms, annual reports, offering memorandums and prospectuses. To facilitate this, the Committee shall:

- (a) Review and discuss with the Auditors and Management Lifeist's annual audited financial statements (including the related notes), the audit opinion to be issued by the Auditors on the financial statements and the Management's Discussion and Analysis ("MD&A") relating to annual financial statements.
- (b) Review and discuss with Management Lifeist's interim financial statements and MD&A relating to the interim financial statements.
- (c) Review and discuss with Management and/or the Auditors disclosure relating to Lifeist's financial reporting processes, internal control over financial reporting and disclosure controls and procedures, the Auditors' report on the effectiveness of Lifeist's internal control over financial reporting and the required management certifications to be included in or attached as exhibits to Lifeist's annual and interim reports.
- (d) Review and discuss with Management and/or the Auditors the Annual Information Form, earnings press releases relating to annual and interim financial statements and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws.
- (e) Review with Management and the Auditors (i) any major issues regarding accounting principles and financial statement presentation, including any significant changes in Lifeist's selection or application of accounting principles, (ii) any significant financial reporting issues and judgments made in connection with the preparation of Lifeist's financial statements, including the effects of alternative IFRS methods and (iii) the effect of regulatory and accounting initiatives and off-balance sheet structures on Lifeist's financial statements.
- (f) Review and discuss with the Auditors any other matters required to be discussed applicable auditing standards, including, without limitation, information relating to significant unusual transactions and the business rationale for such transactions and the Auditors' evaluation of Lifeist's ability to continue as a going concern.

## **2. Review of Financial Performance**

- (a)** The Committee will assess actual financial performance of the Company and subsidiaries against approved budgets and forecasts and provide its reports on these to the Board.
- (b)** The Committee will review the financial results of any post acquisition merger or divestiture.
- (c)** The Committee will review portfolio and non-strategic investments valuation and performance.

## **3. Internal Control**

- (a)** Review the post-audit or management letter containing the recommendations of the Auditors and Management's response and subsequent follow-up to any identified weaknesses.
- (b)** Meet no less frequently than annually separately with the Auditors and the Chief Financial Officer to review Lifeist's accounting practices, internal controls and such other matters as the Committee or Chief Financial Officer deems appropriate.
- (c)** The Committee shall review with Management and the Auditors the adequacy and effectiveness of Lifeist's financial reporting processes, internal control over financial reporting and disclosure controls and procedures, including any significant deficiencies or material weaknesses in the design or operation of, and any material changes in, Lifeist's processes, controls and procedures, and Management's response thereto. The Committee shall review with Management and the Auditors any special audit steps adopted in light of any material control deficiencies, and any fraud involving Management or other employees with a significant role in such processes, controls and procedures.

## **4. Auditors**

- (a)** The Committee has the authority to recommend and retain an independent registered public accounting firm to act as the Lifeist's Auditor for purpose of auditing the Lifeist's annual financial statements, books, records, accounts and internal controls over financial reporting and, where appropriate, terminate and replace the Auditors or nominate the Auditors to be proposed for shareholder approval in any proxy statement, if applicable. The Committee shall oversee the work performed by the Lifeist's Auditor.
- (b)** The Committee shall review and discuss with the Auditors (i) the Auditors' responsibilities under generally accepted auditing standards and the responsibilities of Management in the audit process, (ii) the overall audit strategy, (iii) the scope and timing of the annual audit, (iv) any significant risks identified during the Auditors' risk assessment procedures and (v) when completed, the results, including significant findings, of the annual audit.
- (c)** The Committee shall review periodically, and at least annually, the qualifications and performance of the Auditors and set the compensation for the Auditors.
- (d)** The Committee shall be responsible for obtaining and reviewing on a periodic basis, and at least annually, a formal written statement from the Auditors delineating all relationships between the Auditors and Lifeist. The Committee is responsible for discussing with the Auditors any disclosed relationships or services that may impact the objectivity and

independence of the Auditors and for recommending that the Board take appropriate action in response to the Auditor's report to satisfy itself of the Auditor's independence.

- (e) The Committee shall be responsible for obtaining and reviewing on a period basis, and at least annually, a report from the Auditors that describes: the Auditors' internal quality control procedures and any issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board review or inspection of the firm or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the Auditor and any steps taken to deal with any such issues; and to discuss with the Auditor such report.
- (f) The Committee shall be responsible for assuring the regular rotation of the lead audit partner of Lifeist's Auditors and considering regular rotation of the accounting firm serving as Lifeist's Auditors.
- (g) Lifeist considers the core services provided by the Auditors to include the annual audit. The Committee shall review any engagements for non-audit services beyond the core services proposed to be provided by the Auditors or any of their affiliates, together with estimated fees, and consider the impact on the independence of the Auditors.

## **5. Other Committee Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate including:

- (a) Conducting or authorizing investigations into any matters that the Committee believes is within the scope of its responsibilities.
- (b) Making inquiries of Management and the Auditors to identify significant business, political, financial and control risks and exposures and assess the steps Management has taken to minimize such risk.
- (c) Reviewing, with the general counsel and outside legal counsel, legal and regulatory matters, including legal cases against or regulatory investigations of Lifeist that could have a significant impact on Lifeist's financial statements.
- (d) Reviewing and assessing the adequacy of this Charter annually and submitting any proposed revisions to the Board for approval.