

LUFF ENTERPRISES LTD. CORPORATE GOVERNANCE GUIDELINES

1.0 Introduction

The Board of Directors (the "**Board**") of Luff Enterprises Ltd. ("**Luff**") is committed to adhering to the highest possible standards in its corporate governance practices. The Board has approved the following corporate governance guidelines which, together with the Board Mandate, the position descriptions for the Chairman of the Board and for the Chief Executive Officer, and the charters of the committees of the Board, provide the general framework for the governance of Luff. The Board believes that these guidelines will continue to evolve to address all applicable regulatory and stock exchange requirements relating to corporate governance and will be modified and updated as circumstances warrant.

2.0 Board Responsibilities

2.1 *Board Mandate*

The Board has responsibility for the stewardship of Luff and has adopted a formal written mandate setting out the Board's stewardship responsibilities, including:

- adopting a strategic planning process;
- risk identification and ensuring that procedures are in place for the management of those risks;
- review and approve annual operating plans and budgets;
- corporate social responsibility, ethics and integrity;
- succession planning, including the appointment, training and supervision of management;
- delegations and general approval guidelines for management;
- monitoring financial reporting and management;
- monitoring internal control and management information systems;
- corporate disclosure and communications;
- adopting measures for receiving feedback from stakeholders; and
- adopting key corporate policies designed to ensure that Luff, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct their business ethically and with honesty and integrity.

The Compensation and Governance Committee (the "**Committee**") will periodically review and assess the adequacy of these Corporate Governance Guidelines and recommend any proposed changes to the Board for consideration.

2.2 Corporate Governance

The Board has delegated responsibility to the Committee for developing Luff's approach to corporate governance, including recommending modifications to these Corporate Governance Guidelines for consideration by the Board.

3.0 Board Organization & Membership

3.1 Director Selection Criteria

The Committee is required under its charter to review the characteristics, qualities, skills and experience which form the criteria for candidates to be considered for nomination to the Board. The objective of this review will be to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of skills and experience to provide for the overall stewardship of Luff. All directors are required to possess fundamental qualities of intelligence, honesty, integrity, ethical behavior, fairness and responsibility and be committed to representing the long-term interests of the shareholders. They must also have a genuine interest in Luff, the ability to be objective at all times about what is in the best interests of Luff, have independent opinions on all issues and be both willing and able to state them in a constructive manner and be able to devote sufficient time to discharge their duties and responsibilities effectively. The Committee is mandated to identify qualified candidates for nomination as directors and to make recommendations to the Board. Directors are encouraged to identify potential candidates.

3.2 Independence

The Board annually reviews and makes a determination on the independence of each director in light of all applicable securities laws and rules and stock exchange requirements, including section 1.4 of National Instrument 52-110 – Audit Committees. The determination of independence of the directors will be publicly disclosed in accordance with applicable securities laws.

3.3 Board Size

The Board has the ability to increase or decrease its size within the limits set out in Luff's articles. The Board will determine its size with regard to the best interests of Luff. The Board believes that the size of the Board should be sufficient to provide a diversity of expertise and opinions and to allow effective committee organization, yet small enough to enable efficient meetings and decision-making and maximize full Board attendance. The Board will review its size if a change is recommended by the Committee.

3.4 Election by Shareholders

The members of the Board will be elected each year by the shareholders of Luff at the annual general meeting of shareholders. The Board will propose individual nominees to the shareholders for election to the Board at each such meeting. Between annual meetings of

shareholders, the Board may appoint directors to serve until the next such meeting in accordance with Luff's articles and by-laws.

3.5 *Selection of Chairman of the Board*

The Chairman of the Board will be appointed by the Board after considering the recommendation of the Committee. The Board has adopted and will annually review the position description for the Chairman of the Board.

3.6 *Lead Director*

The independent directors will select an independent director to carry out the functions of a lead director. If Luff has a non-executive Chairman of the Board, then the role of the lead director will be filled by the non-executive Chairman of the Board. The lead director or non-executive Chairman of the Board will Chair regular meetings of the independent directors and assume other responsibilities that the independent directors as a whole have designated.

The primary responsibilities of the lead director will be to seek to ensure that appropriate structures and procedures are in place so that the board of directors may function independently and to lead the process by which the independent directors seek to ensure that the board of directors represents and protects the interests of all shareholders.

3.7 *Term Limits for Directors*

The Board has determined that fixed term limits for directors should not be established. The Board is of the view that such a policy would have the effect of forcing directors off the Board who have developed, over a period of service, increased insight into Luff and who, therefore, can be expected to provide an increasing contribution to the Board. At the same time, the Board recognizes the value of some turnover in Board membership to provide fresh ideas and views, and the Committee is mandated to annually consider recommending changes to the composition of the Board.

4.0 Board Committees

4.1 *Board Committees*

The Board has determined that there should be two standing Board committees: (i) Audit Committee; and (ii) Compensation and Governance Committee. The Board will change the Board committee structure and authorize and appoint other committees as it considers appropriate.

4.2 *Committee Charters and Responsibilities*

The Board will approve a written charter for each committee setting forth the purpose, authority, duties and responsibilities of each committee.

4.3 *Membership of Committees*

All members of the Audit Committee will be financially literate and if required by applicable laws, rules and regulations, at least one member will be a financial expert. Membership and independence of all committee members will be publicly disclosed.

After receipt of recommendations from the Committee, the Board will appoint the members of the committees annually, and as necessary to fill vacancies, and will appoint the chairman of each committee. Members of the committees will hold office at the pleasure of the Board.

4.4 Oversight of Committee Functions

The purpose of Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for all matters assigned to a Board committee for its determination. Except as may be explicitly provided in the charter of a Board committee or a resolution of the Board, the role of a Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by a Board committee.

5.0 Board Meetings & Materials

5.1 *Meeting Agendas*

The Chairman of the Board and the Chief Executive Officer, in consultation with the President and Committee chairmen, as appropriate, will establish the agenda for each Board meeting. Each director may suggest the inclusion of additional items on the agenda.

5.2 *Meeting Materials*

Board and committee meeting materials will be provided to directors before each Board or committee meeting in sufficient time to ensure adequate opportunity exists for review. If certain material is sensitive or confidential in nature, then the material will be distributed at the Board or committee meeting.

5.3 *Participation of Management at Board Meetings*

The Board believes there is value in having certain members of senior management attend each Board meeting to provide information and presentations regarding the business of Luff to assist the directors in their deliberations. Attendance by senior management will be determined by the Chief Executive Officer with the concurrence of the Chairman of the Board. Members of management will be excluded from Board meetings during discussions of matters reserved for directors only.

5.4 *Meetings of Independent Directors*

The independent directors of the Board will hold an in camera meeting in conjunction with every regular meeting of the Board.

6.0 Director Compensation

6.1 Director Compensation

The Board has determined that the directors should be compensated in a form and amount that is appropriate and which is customary for comparative companies, having regard to such matters as time commitment, responsibility and trends in director compensation. The Compensation Committee is mandated to review the compensation of the directors on an annual basis. All compensation paid to directors will be publicly disclosed.

6.2 Loans to Directors

Luff will not make any loans to any of its directors.

7.0 Board's Relationship with Management

7.1 Board Relationship with Management

The Board will support and encourage the members of management in the performance of their duties. Management will make appropriate use of the Board's skills before decisions are made on key issues. The Board has adopted and will annually review the position description for the Chief Executive Officer.

7.2 Limits on Management Authority

The Board will approve annual business plans and budgets and will also approve general authority guidelines that place limits on management's ability to approve contractual and financial arrangements and commitments both in accordance with and outside approved budgets. All transactions, arrangements and commitments outside approved budgets and defined limits will require approval by the Board.

7.3 Evaluation of the Chief Executive Officer and Chief Financial Officer

The Compensation and Governance Committee will conduct separate annual reviews of the performance of the Chief Executive Officer and the Chief Financial Officer against the goals and objectives which have been established by the committee and will review, assess and recommend the compensation of the Chief Executive Officer and the Chief Financial Officer to the Board. The Chairman of the Board and the Chairman of the Compensation and Governance Committee will advise the Chief Executive Officer of the results of the assessment.

7.4 Director Access to Management

All directors will have open access to Luff's senior management for relevant information. All written communications from directors to members of management will be copied to the Chief Executive Officer or, in the case of accounting and financial matters, to the Chief Executive Officer and the Chief Financial Officer. Individual directors are encouraged to make themselves available for consultations with management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special skills, knowledge and experience.

8.0 Director Responsibilities & Performance

8.1 Director Responsibilities

Directors are expected to use their skill and experience to provide oversight of the business and affairs of Luff. Directors have a statutory duty to act honestly and in good faith with a view to the best interests of Luff and to exercise the care, diligence and skill that a reasonably prudent person would in comparable circumstances.

8.2 Attendance at Meetings

Directors are expected to attend all Board and committee meetings either in person or by conference call. A director will notify the Chairman of the Board or of a committee or the Corporate Secretary if the director will not be able to attend or participate in a meeting. Luff will publicly disclose the Directors' attendance record on an annual basis.

8.3 Board and Committee Meeting Materials

Directors are expected to review and be familiar with Board and committee meeting materials which have been provided in sufficient time for review prior to a meeting. Directors are to advise the Chairman of the Board or of a committee of matters which they believe should be added to a meeting agenda.

8.4 Outside Advisors for Individual Directors

Any director who wishes to engage an independent advisor to assist on matters involving the discharge of his duties and responsibilities as a director at the expense of Luff should review the request with, and obtain the authorization of, the Committee.

8.5 Assessment of Board and Committee Performance

The Committee is mandated to undertake an annual assessment of the overall performance and effectiveness of the Board and each committee of the Board and report on such assessments to the Board. The purpose of the assessments is to ensure the continued effectiveness of the Board in discharging its duties and responsibilities and to contribute to a process of continuing improvement.

8.6 Conflicts of Interest

Directors have a statutory responsibility to disclose all actual or potential conflicts of interest and generally to abstain from voting on matters in which the director has a conflict of interest. A director will recuse himself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest or which otherwise affects his personal, business or professional interests.

9.0 Code of Conduct

Luff's policy is that all its activities be conducted with honesty and integrity and in compliance with all legal and regulatory requirements. Luff's Code of Conduct ("**Code**") sets out the guidelines and principles for ethical conduct.

The Board shall review the Code to consider whether to approve changes in the Luff's standards and practices. The Code is posted on Luff's website and is filed on SEDAR at www.sedar.com.

10.0 Waivers of the Code of Business Conduct and Ethics

The Board expects all directors, officers and employees to act honestly and ethically at all times and to adhere to Luff's Code of Business Conduct and Ethics. Only the Board may permit any waiver of the Code of Business Conduct and Ethics for any director or executive officer. The Code of Business Conduct and Ethics will be publicly disclosed.

11.0 Disclosure

11.1 Annual Governance Reporting

Luff will publicly disclose, on an annual basis, its corporate governance practices in compliance with all relevant securities laws, rules and regulations and stock exchange rules and regulations.

11.2 Access to Disclosure

Certain documents and information referred to in these Corporate Governance Guidelines may be accessed through Luff's website: www.luffbrands.com. As required by applicable law or the listing rules of the CSE, certain information is included in Luff's annual information form and management proxy circular and posted on SEDAR at www.sedar.com.

12.0 Review and Liability

The Board may, from time to time, permit departures from the terms of these Corporate Governance Guidelines, either prospectively or retrospectively. These Corporate Governance Guidelines are not intended to give rise to civil liability on the part of the Company or its Directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

Dated:	May 15, 2020
Approved by:	Compensation and Corporate Governance Committee Board of Directors