

CO2 GRO Inc.

Corporate Risk Management Policy

Policy Purpose and Scope

This policy describes the Company's risk management principles and expectations applicable to all types of risk in all activities undertaken by or on behalf of the Company. It also outlines roles and responsibilities for the Board of Directors, the Chief Executive Officer, the Audit Committee Chair, the Chief Financial Officer, and all staff.

Risk Management Principles

Risk is often defined as the chance of something happening, measured in terms of profitability and impact. The Company defines a principal risk as the chance of something happening, measured in terms of profitability and impact, that may adversely affect the achievement of the Company's strategic or major business objectives.

Risk management is a structured and disciplined approach to assessing and managing the uncertainties that the Company faces as it creates value and preserves value.

The Company believes risk taking is a necessary and accepted part of our business. Effectively managing risk is a competitive necessity and an integral part of creating shareholder value through good business practices designed to ensure that the Company achieves its strategic, business and governance objectives, and protects its corporate reputation, values and integrity. In the context of realizing strategic objectives, some amount of failure is an accepted outcome of risk taking as long as risks have been properly assessed and managed.

The Company acknowledges that all activity has an element of risk and that not all risks can or should be transferred. The Company is committed to managing risks including strategic risks, at all levels of the organization and summarizes these risks into three broad categories; operational risk, financial risk, and safety, environmental, and regulatory risk. Since many risks can impact our reputation, all risks must be evaluated in terms of the potential impact on our reputation.

The Company does not engage in speculative activity which is defined as a profit seeking activity unrelated to the Company's primary business; that being a nutraceutical and pharmaceutical ingredients company.

Risk Management Expectations

Risk management applies to and will be practiced in accordance with Risk Management Principles as part of all of the Company's activities including developing strategic plans, preparing operational plans and capital budgets, completing detailed project approval requests, designing and managing project plans, operating the Company's facilities and plants, as a part of other management systems and generally, in all decision-making processes.

The Company's overall risk appetite and risk tolerance will be determined by the Chief Executive Officer in conjunction with the Senior Management and reported on by the Audit Committee Chair to the Board of Directors.

Risk will be evaluated, managed, and documented consistent with guidelines, tools, and framework advocated by this Corporate Risk Management Policy.

In all cases, risk will be evaluated in terms of the impact on the following areas: people, environment, assets, financial/business objectives, and reputation. The risks will be assigned a probability of occurrence, with the resulting risk level ranging from low to extreme.

Risks identified as extreme, high or medium will require implementation of a risk transfer, reduction, elimination, or exploitation strategy to reduce the residual risk level to as low as reasonably practicable. Risks identified as extreme or high with an impact above a specified threshold will be reported to the Chief Executive Officer and the Chair of the Audit Committee.

The monthly management report is a tool that may be used to assess, measure and report existing risks. Emerging risks should be separately identified and qualitative assessments of their impacts and probabilities should be provided.

Risk Management Roles and Responsibilities

The Board of Directors is responsible for:

- Approving and authorizing the Policy;
- Ensuring that a system is in place to identify the principle risks to the Company and that the best practical procedures are in place to monitor and mitigate the risks;
- Establishing decision authorities for the Chief Executive Officer.

The Chief Executive Officer is responsible for:

- Identifying all significant risks to the Company's businesses and ensuring procedures are established to mitigate the impact of the risks in the best interest of shareholders;
- Developing, implementing, and monitoring overall compliance with and adhering to the Policy;
- Developing and implementing risk management practices, systems, controls and business continuity plans for the Company, which are aligned with and complementary to the Policy; and
- Developing external risk reporting protocols and disclosures where required by regulation and good governance.

As relates to Corporate Risk Management, the Chair of the Audit Committee is responsible for:

- Overseeing development, administration and annual review of this Policy for approval by the Board of Directors; and
- Reporting to the Board of Directors the Company's principal consolidated risks and mitigation strategies on a quarterly and annual basis.

The Corporate Group Heads (as applicable) are responsible for:

- Identifying risks, and developing and implementing risk management practices, including mitigation strategies, systems, controls, and business continuity plans specific to their respective Corporate Group which are aligned and complementary to the Policy; and
- Maintaining risk management reports detailing the principal business risks for the Corporate Group and which will be available for consolidation at the corporate level.

Risk Committee

The Chief Executive Officer, the Audit Committee, and the Board of Directors are collectively responsible for developing the Company's risk management principles and risk management expectations as well as defining the Company' risk appetite and tolerances, in addition to those specific responsibilities as outlined in Risk Management Roles and Responsibilities.

Policy Authority

Unless otherwise noted in this Policy, any significant exceptions to this Policy require the approval of the Audit Committee and these exceptions will be reported to the next regularly scheduled meeting of the Board of Directors.

Decision Authorities

Consistent with this Policy, the Board of Directors will conduct an annual review of the decision authorities granted to the Chief Executive Officer of the Company. Any amendments to the Decision Authorities will be documented and communicated to the Chief Risk Officer (Chair, Audit Committee).

Effective: February 15, 2019