



Liminal
BioSciences



Audit, Risk and Finance Committee Charter

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Purpose

The Board of Directors (“the **Board**”) of Liminal BioSciences Inc. (the “**Company**”) is ultimately responsible for the stewardship of the Company, which means that it oversees the direction of the Company’s business and affairs delegated to the Chief Executive Officer (“**CEO**”) and the other officers of the Company. To fulfill this role, the Board may delegate certain responsibilities to the Audit, Risk & Finance Committee (the “**Committee**”). The Committee is mainly responsible for the four (4) following fundamental matters:

(i) the Company’s financial reporting process and internal control systems, (ii) the Company’s process to identify and manage risks, (iii) the internal compliance and external audit process; and (iv) the Company’s communication system to provide an open avenue of communication among the external auditors, the financial and senior management, the internal auditing department (if any), and the Board.

General Role and Mandate

External Auditors

The external auditors report to and are accountable to the Committee as the designees of the Board as representatives of shareholders.

1. To evaluate the performance of the external auditors of the Company, to assess their qualifications (including their internal quality control procedures and any material issues raised by that firm’s most recent internal quality control review or any investigations by regulatory authorities) and to determine whether to retain, or to terminate, the engagement of the existing external auditors, or to appoint and engage a different independent registered public accounting firm, which retention shall be subject only to ratification by the Company’s shareholders (if the

- Committee or the Board elects to submit such retention for ratification by the shareholders).
2. Prior to engagement of any prospective Company external auditors, to review a written disclosure by the prospective external auditors of all relationships between the prospective external auditors, or their affiliates, and the Company, or persons in financial oversight roles at the Company, that may reasonably be thought to bear on independence, and to discuss with the prospective external auditors the potential effects of such relationships on the independence of the prospective external auditors, consistent with the auditing rules and standards applicable to the auditors, including the Public Company Accounting Oversight Board (United States) (“**PCAOB**”).
 3. At least annually, consistent with the auditing rules and standards applicable to the auditors, including the PCAOB, (i) to receive and review (a) written disclosures from the Company’s external auditors delineating all relationships between the external auditors, or their affiliates, and the Company, or persons in financial oversight roles at the Company, that may reasonably be thought to bear on independence and (b) a letter from the external auditors affirming their independence, (ii) to consider and discuss with the external auditors any potential effects of any such relationships on the independence of the external auditors as well as any compensation or services that could affect the external auditors’ objectivity and independence, and (iii) to assess and otherwise take appropriate action to oversee the independence of the external auditors.¹
 4. To determine and approve for recommendation to the Board the nomination of the external auditors, prior to commencement of such appointments, to be approved by the shareholders, for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company or the approval of any discharge of auditors where circumstances warrant.
 5. To determine and approve for recommendation to the Board the fees and other

¹ When discussing auditor independence, the Committee may wish to consider both rotating the lead audit partner or audit partner responsible for reviewing the audit after a number of years and establishing hiring policies for employees or former employees of its external auditor.

- compensation to be paid to the external auditors.
6. To determine and approve engagements of any registered public accounting firm (in addition to the external auditors) by the Company, prior to commencement of such engagements, to perform any other review or attest service, including the compensation to be paid to such firm.
 7. Pre-approve all non-audit services to be provided to the Company or its subsidiaries by the external auditors, other than non-audit services: (i) that were not recognized as non-audit services at the time of the engagement, (ii) that are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, and (iii) the aggregate amount of which is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the Company's external auditor during the fiscal year in which the services are provided.
 8. To review with management and the external auditors, or any other registered public accounting firm engaged to perform review or attest services, any conflicts or disagreements between management and the external auditors, or such other accounting firm, whether or not resolved, regarding financial reporting, accounting practices or policies or other matters, that individually or in the aggregate could be significant to the Company's financial statements or the external auditors' report, and to resolve any conflicts or disagreements regarding financial reporting.
 9. Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, review the external auditors' audit plan, discuss and approve audit scope, reliance upon management and internal audit if or when applicable, and general audit approach. At the conclusion of the audit process, and before releasing the year-end earnings, discuss the results of such audit with the external auditors including the resolution of disagreements between management and the external auditor regarding financial reporting and difficulties encountered in performing the audit.

10. Discuss with the auditors the quality and not just the acceptability of the Company's accounting principles including all critical accounting policies and practices used, any alternate treatments of financial information that have been discussed with management, the ramification of their use and the auditor's preferred treatment, as well as any other material communications with management.
11. Discuss with the external auditors, if or when applicable, the integrity of the Company's internal and external financial reporting processes, and the adequacy of the Company's internal controls and management financial information systems.

Internal Compliance

12. Review the internal compliance budget, resources and qualification of the internal compliance department or services.
13. Review and approve the internal compliance audit plan for the year.
14. Review and approve the internal compliance charter, at minimum every two years.
15. Receive communications from the head of internal compliance on the audit activity's performance relative to its plan and other matters.
16. Review the internal compliance report on review and testing of Internal Controls over Financial Reporting ("**ICFR**") and Disclosure Controls at least annually.
17. Make inquiries of management and the head of internal compliance to determine whether there is inappropriate scope or resource limitations.
18. Discuss with internal compliance, if or when applicable, the integrity of the Company's internal & external financial reporting processes, and the adequacy of the Company's internal controls and management financial information systems.

External Reporting – Financial and Other

19. Quarterly review of management’s internal reporting package of the Company, understanding the key variances from budget and the impact on the cash flow of the Company.
20. Discuss with management, review and approve the Company’s consolidated quarterly financial statements, quarterly management discussion and analysis and all other public interim disclosure documents containing material financial information prior to filing or distribution.
21. Discuss with management, internal compliance and external auditors, the Company’s consolidated audited annual financial statements, annual management discussion and analysis and all other public annual disclosure documents containing material financial information, and make recommendations for their approval by the Board, prior to filing or distribution. The review should include a discussion with management and the external auditors of significant issues regarding accounting principles, practices and significant management estimates and judgments.
22. Review of IFRS standards changes implementation work plan and approve changes in accounting polices where choices are available.
23. Ensure that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from its financial statements, other than the public disclosures referred to in paragraphs 20 & 21 above, and periodically assess the adequacy of those procedures.
24. Question management on the assumptions being used to develop forward-looking information.
25. Review, with the Company’s counsel, legal or regulatory matters brought to the attention of the Committee by the Company that could have a significant impact on the Company’s financial statements.
26. Review and make recommendations with respect to litigation, claim or contingency, brought to the attention of the Committee that could have a material effect upon

the financial position of the Company and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

27. Review the CEO/CFO's report disclosing any fraud involving management or other employees who have a significant role in the Company's ICFR.
28. Review, if applicable, the monitoring reports from the Chair of the HR & Corporate Governance Committee ("HRCGC") and the Chair of this Committee, pursuant to the Company's Whistleblower Policy.
29. Review the CEO/CFO's final report regarding the design and evaluation of the effectiveness of the Disclosure Controls and Procedures and ICFR, affecting the financial statements, management discussion and analysis and Annual Information Form, including any material weaknesses that may be identified under *Regulation 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, Section 404 of the Sarbanes-Oxley Act of 2002*, or other internal control review and attestation standards, as applicable.
30. Review the Committee responsibilities disclosures included in Company's filings, as appropriate.

Risk Management

31. Review and discuss with management and internal auditing department (if any), significant risks and exposures, the steps management has taken to monitor, control and report such risks and exposures, and the effectiveness of the overall process for identifying the principal financial risks affecting financial reporting.
32. Review and recommend to the Board to approve insurance coverage (annually or as may be otherwise appropriate) for the Company's directors and officers.
33. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of present and former external auditors of the Company.
34. Review the Company's Table of Authority and recommend any amendments to the

Board for approval.

Financial Oversight

In discharging its finance oversight responsibilities, the Committee shall

35. Review and recommend to the Board to approve loans, lines of credit and other financing agreements including renegotiations of such agreements (including granting of security) where the incremental commitment exceeds \$1.0 million.
36. Review and recommend to the Board significant tax matters and planning strategies.
37. Review and provide feedback to the Board on the proposed declaration of dividends.

Other

38. Review (and update if necessary) and approve the Company's Cash Management and Investment Policy.
39. Review (and update if necessary) the Company's Insider Trading Policy and recommend for approval by the Board.
40. Periodically, to meet in separate sessions with the external auditors, internal compliance, or other personnel as applicable and appropriate, and management to discuss any matters that the Committee, the external auditors, internal compliance, or other personnel, or management believe should be discussed privately with the Committee.
41. To establish procedures, when and as required by applicable laws and rules, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters, including under the Company's Whistleblower Policy. Review (and update if necessary) the Company's Whistleblower Policy and recommend to the HRCGC for approval.
42. Review and discuss with HRCGC, the hiring of the Chief Financial Officer and other

senior management officers whose principal duties and responsibilities relate directly to the finances of the Company.

43. To investigate any matter brought to the attention of the Committee within the scope of its duties if, in the judgment of the Committee, such investigation is necessary or appropriate.

Committee Governance

44. Establish and monitor performance of the Committee against its Annual Workplan ensuring compliance with this charter.
45. Annually assess the effectiveness of the Committee against its general role and mandate (charter) and report the results of the assessment to the Board.
46. Annually review and assess the adequacy of this charter, including the Committee's role and responsibilities outlined herein and, if necessary, recommend to the Board any proposed changes.
47. Keep records of its activities, meetings, etc. at the office of the Corporate Secretary and report periodically to the Board on its activities and make recommendations as deemed appropriate.
48. Perform any other activities and to have such powers consistent with its responsibilities and duties, the Company's by-laws and governing law as the Committee or the Board deems necessary or appropriate.

The Audit, Risk & Finance Committee has the authority to:

- (a) at the Company's expense, engage and retain special legal counsel, accounting or other external advisors, experts or consultants as it determines necessary or appropriate to carry out its duties, including any studies or investigations;
- (b) set and pay the compensation for, at the Company's expense, any such advisors employed by the Committee;
- (c) communicate directly with the internal and external auditors; and

- (d) pay, at the Company's expense, ordinary administrative expenses that, as determined by the Committee, are necessary or appropriate in carrying out its duties, unless prohibited by applicable law or the rules of any stock exchange on which any of the Company's capital stock is listed, including the rules and policies of The Nasdaq Stock Market LLC ("**Nasdaq**") listing rules.

Composition

The Audit, Risk & Finance Committee shall be comprised of a minimum of three (3) and a maximum of six (6) independent directors of the Company, each of which shall be appointed by and serve at the discretion of the Board following the Annual General Meeting to serve on the Committee until the close of the next annual meeting of shareholders of the Company or until the member ceases to be a director, resigns or is replaced, whichever first occurs. Any member may be removed from office or replaced at any time by the Board. Resignation or removal of a Committee member from the Board for any reason shall automatically constitute resignation or removal, as applicable, from the Committee. Vacancies occurring on the Committee shall be filled by the Board.

The members of the Committee shall satisfy the independence and financial literacy requirements imposed by (i) applicable Canadian securities laws, including the independence and financial literacy requirements of *Regulation 52-110 respecting Audit Committees*, (ii) the United States Securities and Exchange Commission ("**SEC**"), (iii) the rules of any stock exchange on which any of the Company's capital stock is listed, including the rules and policies of Nasdaq, and (iii) any other qualifications determined by the Board or the HRCGC from time to time, including any phase-in periods permitted by such requirements, as applicable to Committee members as in effect from time to time.

At least one member of the Committee shall satisfy the applicable financial sophistication requirements and any other requirements, each as in effect from time to time, for accounting or related financial management expertise when and as required by applicable Canadian securities law and the SEC or any stock exchange, including Nasdaq, on which any of the Company's capital stock is listed.

The Committee's chairperson shall be appointed by the Board, or if the Board does not do so, the Committee members shall elect a chairperson by vote of a majority of the full Committee.

Meetings

The Committee shall meet at least quarterly, or more frequently as circumstances dictate, and hold such special meetings as its members shall deem necessary or appropriate. Any member of the Committee or the Board may call a meeting of the Committee. The Committee may ask members of management or others to attend meetings and provide pertinent information as required. Unless otherwise directed by the Committee, each regularly scheduled meeting will conclude with an executive session of the Committee absent members of management. Quorum for all meetings will consist of at least two (2) members.

The Committee's Chair shall prepare an agenda in advance of each meeting in consultation with management and the other members of the Committee. External auditors may also be consulted for any item related to their responsibilities and duties. The Committee shall meet with the external auditors, in private, at least once during the year. The Committee may also communicate with management and external auditors, if deemed necessary, on a quarterly basis to review the Company's interim financial statements.

In cases where authority for the approval of the Company's' interim financial results have been designated to the Committee, the timing, agenda and materials of the meetings of the Committee shall be made available to all members of the Board. Minutes of each meeting of the Committee shall be prepared and distributed to each director of the Company and the Secretary of the Company promptly after each meeting. The chairperson of the Committee shall report to the Board from time to time, or whenever so requested by the Board.