

Innovative Food Holdings, Inc.

Corporate Governance Guidelines

2020

The Board of Directors (the “Board”) of Innovative Food Holdings, Inc., a Florida company (the “Company”), acting on the recommendation of the Nominating and Corporate Governance Committee, has adopted these Corporate Governance Guidelines (these “Guidelines”) to promote the effective functioning of the Board and its committees (the “Committees”), to promote the interests of the Company as a whole and to ensure a common set of expectations concerning how the Board, its Committees and management should perform their respective functions.

In these Guidelines, “applicable securities laws” refer to: (a) the United States Securities Act of 1933, as amended, the United States Securities Exchange Act of 1934, as amended, and any rules or regulations thereunder; (b) any applicable state securities laws; (c) the regulations, rules and orders of the Securities and Exchange Commission and similar regulatory authority in each state having jurisdiction over the Company including but not limited to the State of Florida and the states of incorporation of the Company’s subsidiaries; and (d) the rules of the New York Stock Exchange and NASDAQ as they relate to director independence only.

1. **Role of the Board and Management.** The Company’s business is conducted by its employees, managers and officers, under the direction of the Chief Executive Officer and the oversight of the Board, to enhance the long-term value of the Company for its shareholders. The Board is elected by the shareholders to oversee management and to act in the best interests of the Company as a whole. Management of the Company is responsible for implementing the Company’s strategic plan; identifying and managing risk; making and keeping the books and records of the Company; preparing the Company’s financial statements and determining that they are complete, accurate, and in accordance with generally accepted accounting principles; establishing satisfactory disclosure controls and internal control over financial reporting; and timely reporting to the Board. Both the Board and management recognize that the long-term interests of the Company and shareholders are advanced by responsibly addressing the concerns of other stakeholders and interested parties, including employees, recruits, customers, suppliers, communities in which the Company operates, government officials and the public at large.

2. **Functions of the Board.** The Board shall have not fewer than four scheduled meetings each year, at which it will review and discuss reports by management on the Company’s performance, business and prospects, as well as immediate issues facing the Company, and review and approve, as applicable, the annual and interim financial statements of the Company. The Board will review, monitor and approve the overall operating, financial and strategic plans of the Company.

The Board shall review and monitor the Company’s reporting and compliance systems to ensure that Company management maintains an effective system for timely reporting to the Board or its appropriate Committees and to the public as required on the following (a) the Company’s financial and business plans, strategies and objectives; (b) the financial results and

condition of the Company and its business segments; (c) significant accounting, regulatory, competitive, litigation and other external issues affecting the Company; and (d) systems of control that promote accurate and timely reporting of financial information to stockholders and compliance with laws and corporate policies.

The Board shall understand the principal risks associated with the Company's business on an ongoing basis, and oversee the key risk decisions of management, which includes comprehending the appropriate balance between risks and rewards.

The Board shall ensure that the Company maintains an active dialogue with shareholders so that their perspectives are thoughtfully considered; and review shareholder proposals properly submitted and, based on the recommendations of the Nominating and Corporate Governance Committee, respond as appropriate.

Board members shall attend the Company's annual shareholders meeting, unless unusual circumstances make attendance impractical.

The Board shall promote the long-term sustainable growth of the Company, including considering the social and environmental goals of the Company.

The Board shall encourage development of a human capital management system and a corporate culture that promote compliance with legal and regulatory requirements and the ethical conduct of the Company's business.

The Board shall review and approve any amendments to the Company's certificate of incorporation, bylaws, code of ethics, these Guidelines, and any other corporate governance policies, based on the recommendations of the Nominating and Corporate Governance Committee.

3. **Functions of Internal Auditors and Counsel.** The independent auditor is responsible for auditing the Company's financial statements and the effectiveness of the Company's internal control over financial reporting. The Company's internal and outside counsel are responsible for assuring compliance with laws and regulations and the Company's corporate governance policies

4. **Selection of Chairman of the Board and Chief Executive Officer.** The Board shall select its Chairman and the Company's Chief Executive Officer in any way it considers to be in the best interests of the Company. The Board has determined that the Company is best served by having the Company's then-current Chief Executive Officer also serve as Chairman of the Board. It is the Board's policy that the positions of Chairman and Chief Executive Officer be held by the same person. The Board will conduct an assessment of its leadership structure, as warranted to determine that the leadership structure is the most appropriate for the Company, taking into account the recommendations of the Nominating and Corporate Governance Committee.

When the Chairman is not independent under applicable securities laws, or is a member of the Company's management, or when the independent directors determine that it is in the best interests of the Company, the independent directors, will appoint from among themselves a

Lead Independent Director. The Lead Independent Director will: (a) preside at all meetings of the Board at which the Chairman is not present, (b) preside over each meeting of independent directors, (c) have the authority to call meetings of independent directors, and (d) help facilitate communication between the Chairman/CEO and the independent directors. If the Chairman is an independent director, then the duties for the Lead Independent Director described above shall be part of the duties of the Chairman.

5. **Board Committees.** The Board has established the following standing Committees to assist it in discharging its responsibilities: (a) Audit; (b) Compensation; and (c) Nominating and Corporate Governance. The current charters of the Audit, Compensation and Nominating and Corporate Governance Committees are posted on the Company's website at: www.ivfh.com.¹ Members of each of these Committees (including the Committee Chairs) are appointed by the Board and may be removed by the Board in its discretion. The Committee Chairs report the highlights of their meetings to the Board following each meeting of their respective Committees. The Committees may hold meetings in conjunction with the Board.

Each of the members of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee and directors who are designated as independent upon their nomination, appointment or election of the Board must be independent under applicable securities laws. Except with respect to a director who is part of management, no director may meet with employees without the prior approval of the Board of Directors or Chief Executive Officer. The Company will afford access to the Company's employees, professional advisers and other resources, if needed, to enable Committee members to carry out their responsibilities.

The Board may, from time to time, establish additional committees.

6. **Selection of Directors.** The Board has overall responsibility for the selection of candidates for nomination or appointment to the Board. The Board's Nominating and Corporate Governance Committee shall be responsible for identifying qualified individuals to become Board members and selecting or recommending to the Board director nominees for each meeting of the shareholders at which one or more directors will be elected and for vacancies the Board chooses to fill. The Board and the Nominating and Corporate Governance Committee will regularly review the experience and characteristics appropriate for Board members and director candidates in light of the Board's composition at the time, and the skills and expertise needed for effective operation of the Board and its Committees.

7. **Qualifications of Directors.** Directors must have the highest personal and professional ethics, integrity and values. They must be committed to representing the best interests of the Company and should not, by reason of any other position, activity or relationship, be subject to any conflict of interest that would impair the director's ability to fulfill the responsibilities of a member of the Board. They must have an objective perspective, practical wisdom, mature judgment and expertise, skills and knowledge useful to the oversight of the Company's business. The Company's goal is a Board that represents diverse experiences

¹ Board committee charters and other corporate governance policies are not typically attached to the Corporate Governance Guidelines.

at policy-making levels in business, educational backgrounds, qualifications and skills relevant for effective management and oversight of the Company's management and other areas relevant to the Company's activities, which may include experience at senior executive levels in comparable companies, public service, professional service firms, or educational institutions. Directors should maintain a professional life active enough to keep them in contact with the markets and/or the industry in which the Company is active. The Company encourages a diversity of backgrounds, including gender, race and ethnicity, among the Company's Board members to promote both diversity of viewpoints among Board members and the effectiveness of the Board's oversight of the Company.

Directors should be committed to serving on the Board for an extended period. Directors should offer their resignation if there is any significant, detrimental change in their personal or professional circumstances.

Each director should be sufficiently familiar with the business of the Company to ensure active participation in the deliberations of the Board and each Committee on which the director serves. All directors shall be free to contact the Chief Executive Officer at any time to discuss any aspect of the Company's business, and in order to avoid disruption to the Company's operations, may have access to employees of the Company and the Company's facilities after written request therefor and only after receipt of approval of the Board or Chief Executive Officer.

The Company values the experience directors bring from other boards on which they serve and other activities in which they participate, but recognizes that these boards and activities may present demands on a director's time and availability. Therefore, directors who also serve as chief executive officers or in equivalent positions at any company should not serve on more than two Boards of public companies (including the Company's Board), and other directors should not serve on more than four Boards of public companies (including the Company's Board). No member of the Audit Committee may serve simultaneously on the audit committee of more than three public companies (including the Company's Audit Committee).

The Company does not believe that arbitrary term limits on director's service are appropriate, nor does it believe that directors should expect to be re-nominated at the end of each term until they retire. The Board's self-evaluation process described below is an important factor in determining a Board member's tenure.

As part of the Nominating and Corporate Governance Committee's regular evaluation of the Company's directors and the overall needs of the Board, the Nominating and Corporate Governance Committee will take into account the age and health of directors, each director's tenure, and the average tenure of the Board.

8. Independence Standards. A majority of the members of the Board shall be independent as such term is defined in the applicable securities laws. Accordingly, all directors shall be familiar with these Guidelines and shall at all times be guided by these Guidelines.

Each independent director shall take all possible precautions to preserve his or her status as an independent director. In the event a director loses his or her status as an independent

director, such director shall promptly notify the Board of such change in status. Unless the Board otherwise determines, it is expected that an independent director who loses such status shall promptly resign from the Board.

For a director to be considered independent, the Board must determine that the director has no material relationship with the Company; provided that the direct or indirect ownership of any amount of the Company's shares will not automatically be deemed to constitute a material relationship, but will be considered as a factor with respect to independence.

The Board will review all relationships to assess whether any of them is a material relationship so as to impair that director's independence. The Board will review annually whether its members satisfy applicable independence tests. An independent director who is found to no longer be independent must immediately offer his or her resignation as a director of the Company, but may maintain his management or employment position, if any, which caused the loss of independence by such director.

The Company will not make any personal loans or extend credit to any director or officer other than those expressly permitted under applicable securities laws. All such arrangements must be approved in advance and administered by the Compensation Committee. No independent director or his or her immediate family member (as defined by the applicable securities laws) may provide personal services to the Company for compensation other than as permitted under applicable securities laws on a fully disclosed basis and with the prior approval of the board.

9. **Independence of Committee Members.** In addition to the general requirements for independent Board members described above, members of the Audit Committee must also satisfy the additional independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which, among other things, prohibits a member of the Audit Committee (other than in his capacity as a member of the Audit Committee, the Board or any other committee of the Board) from receiving any compensatory fees from or being an affiliated person of the Company or any of its subsidiaries. The Board will also apply the additional independence requirements of Rule 10C-1 of the Exchange Act to members of the Compensation Committee.

10. **Competitive Interlocks.** No director may serve as a director, officer, employee or consultant for any company that competes with the Company, if either company derives any revenues from providing products or services that both companies offer in markets in which both companies are active. To facilitate compliance with the foregoing, all directors must (a) inform the Company of all companies that they serve as officers, employees, consultants or directors, (b) inform the Company before joining any other board or accepting any such other position and obtain the approval of the Nominating and Corporate Governance Committee before joining any other for-profit board and (c) carefully monitor the activities of companies in which they participate to anticipate overlapping business activities.

11. **Size of the Board.** Subject to the by-laws of the Company, the Board determines the number of directors. The Board believes that, given the size of the Company between four and seven is an appropriate number of directors. The Board will periodically review the

appropriate size of the Board.

12. **Director Responsibilities.** Directors must perform the roles and functions described in these Guidelines and the charters of all Committees on which they serve. They must devote sufficient time and resources to carry out their duties and responsibilities effectively. They must make every effort to attend each meeting of the Board and all Committees on which they serve, and they must review all materials distributed to them in advance of each such meeting. In discharging responsibilities as a director, a director is entitled to rely in good faith on reports or other information provided by the Company's management, independent auditors, and other persons as to matters the director reasonably believes to be within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. Attendance by telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously may be used to facilitate a director's attendance. Directors must comply with all applicable laws, including applicable securities laws.

13. **Meetings of Non-Management Directors; Presiding Director.** At each regularly scheduled meeting of the Board, the independent directors may also meet separately, without management present. The Lead Independent Director will preside at such meetings. The non-management directors may also meet without management present at other times as determined by the Lead Independent Director. The non-management directors include all directors who are "independent," as defined in these Guidelines.

14. **Agendas**

The agenda for each Board meeting shall be established by the Chairman and Chief Executive Officer. Any Board member may suggest the inclusion of additional subjects on the agenda. The agenda for each Committee shall be established by the Chair of each Committee, in consultation with appropriate members of the Committee, advisors and management. The Board shall keep minutes of its proceedings.

Unless a Committee expressly determines otherwise, the agenda, materials and minutes for each Committee meeting shall be available to all directors, and all directors shall be free to attend any Committee meeting, except that management directors may not participate in meetings of the Board or its Committees that are held in executive session. All directors, whether or not members of the Committee, shall be free to make suggestions to a Committee Chair for additions to the agenda of the Chair's Committee or to request that an item from a Committee agenda be considered by the Board.

14. **Ethics and Conflicts of Interest.** The Board expects the Company's directors, officers and employees to act ethically at all times and to adhere to these Guidelines. The Nominating and Corporate Governance Committee will resolve all conflicts of interest involving any officer or director; however, if a conflict involves a member of the Nominating and Corporate Governance Committee, and there are not at least two other members of that Committee who are not involved in the conflict, then the Board will resolve that conflict. Directors must promptly disclose actual or potential conflicts of interest to the Nominating and Corporate Governance Committee and to the Board as required by the OBCA. Such disclosure

must be made prior to any Board meeting at which transactions or issues relating to the actual or potential conflict will be addressed. If a significant conflict exists that cannot be resolved, the director must resign. All directors must recuse themselves from any discussion or decision affecting their personal, business or professional interests, or otherwise as required by the applicable securities law.

15. **Compensation of Board.** The Compensation Committee is responsible for recommending to the Board the compensation and benefits for non-management directors. The Committee will be guided by three principles: (a) the compensation should fairly pay independent directors for the work required in light of the Company's size and scope; (b) compensation should align the directors' interests with the long-term best interests of the Company; and (c) the structure of the compensation should be simple, transparent and easy for shareholders to understand. At the end of each year, the Compensation Committee will review non-independent director compensation and benefits.

16. **Share Ownership Guidelines.** The Compensation Committee is responsible for recommending to the Board share ownership guidelines for directors, named executive officers and other corporate officers of the Company to further align management and shareholder interests and discourage inappropriate or excessive risk-taking. Directors and their affiliates may not buy or sell any equity of the Company without giving the Board or Chief Executive Officer at least one business day prior notice.

17. **Clawback Policy.** The Compensation Committee is responsible for the adoption and oversight of the Company's Compensation Recoupment Policy relating to the forfeiture or repayment of contingent performance-based and incentive compensation paid to a named executive officer or other corporate officer in the event of an accounting restatement. The Compensation Committee will continue to monitor the appropriateness of this policy in light of changes in applicable securities laws.

18. **Anti-Hedging/Pledging Policy.** The Board is responsible for oversight of the Company's policy prohibiting executive officers and directors from engaging in transactions designed to hedge against the economic risks associated with an investment in the Company's common shares or pledge of the Company's common shares as collateral.

19. **Self-Evaluation.** The Board and each Committee will perform an annual self-evaluation. Annually, the directors will be asked to provide their assessments of the effectiveness of the Board and the Committees on which they serve. Such assessments will address, at a minimum, the effectiveness and adequacy of meetings of the Board and its Committees, the adequacy and timeliness of information provided to the Board by the Company's management, the diversity of experience of individual directors and the contributions of each director.

20. **Succession Plan.** The Board will approve and maintain a succession plan for the Chief Executive Officer and other senior executives, based on recommendations from the Nominating Committee. Such plan will include policies and principles for selecting and evaluating a new Chief Executive Officer in the event of an emergency or retirement of the Chief Executive Officer.

21. **Access to Independent Advisors.** The Board and its Committees may request that the Board retain or terminate independent outside financial, legal or other advisors. However, the Board shall not be required to implement or act consistently with the advice or recommendations of any financial, legal or other advisor, and the authority granted in these Guidelines shall not affect the ability or obligation of the Board to exercise its own judgment in fulfillment of its duties. The Board shall set the compensation and retention terms and oversee the work of financial, legal or other advisors. Any communications between the Board and its outside legal counsel will be privileged communications.

The Board shall receive appropriate funding from the Company, as determined by the Board, for the payment of compensation to any financial, legal or other advisor, and the ordinary administrative expenses of the Board that are necessary or appropriate in carrying out its duties.

22. **Director Orientation and Education.** The Company's outside counsel and the Chief Financial Officer will provide an orientation for new directors, and periodically provide materials or briefing sessions for all directors on subjects relevant to their discharge of their duties.

23. **Majority Voting Policy.** Each director of the Company must be elected by a majority of the votes cast with respect to his or her election, other than at a meeting of shareholders at which the number of directors nominated for election is greater than the number of seats available on the Board (a "Contested Election").

The forms of proxy circulated in connection with a meeting of the Company's shareholders that is not a Contested Election shall provide the Company's shareholders with the ability to vote in favor of, or to withhold from voting for, each director nominee. In the event one or more incumbent directors fails to receive the affirmative vote of a majority of the votes cast with respect to his or her election at a meeting of shareholders that is not a Contested Election, such director will cease to be a director upon the finalization of the vote subsequent to such meeting.

CONFIDENTIALITY POLICY

Introduction

Members of the board of directors of Innovative Food Holdings, Inc. (the “Company”) will have access to Confidential Information (as defined below) of the Company and its subsidiaries as a result of their position as directors of the Company. Any unauthorized disclosure of Confidential Information has the potential to cause damage to the Company, harm its reputation or otherwise cause disadvantage to the Company in its business and its dealings. Without limiting the obligations of directors to protect and hold confidential all Confidential Information pursuant to their fiduciary duties, the Company is adopting the following policy to protect the Confidential Information of the Company.

Boardroom Dynamics

It is essential for the functioning of the Board that directors have trust and confidence that they can speak freely and openly about matters involving the Company, engage in open debate and express differences of opinion. Just as employees of the Company are bound by confidentiality obligations, so too are directors.

This Board has always encouraged and the directors have engaged in vigorous dissent. Collegiality, trust and robust opposition are not antithetical at the board level. However, those discussions must remain within the Board.

This is not to suggest that directors do not have fiduciary duties that may mandate their disclosure of information under certain circumstances, but those fiduciary duties do not require that directors disclose Board discussions that may involve opposition to the views of other directors or management or actions taken with the approval of a majority of the Board in the absence of violations of law.

Duty of Confidentiality and Duty of Loyalty

Directors of a company owe fiduciary duties to all stockholders of the company they serve, not just to the particular stockholder(s) that nominated, elected or designated them to the board.

A director’s fundamental fiduciary duties under Florida law are the duty of care and the duty of loyalty. Under Florida law a director has a duty of confidentiality that is within the scope of his or her duty of loyalty.

Therefore, a breach of his or her confidentiality obligations could involve conduct that constitutes a breach of the director’s duty of loyalty and may result in personal liability for damages caused by the breach. A breach of a director’s duty of loyalty could also limit the director’s exculpation and reimbursement under Florida corporate law (and similar provisions under corporate laws of other states) or even insurance coverage.

Confidentiality in the case of directors extends not only to non-public information from the perspective of prohibitions on insider trading, but information about the Company that is not public knowledge and that is learned by a director in the course of his or her service as a

director.

Confidentiality is also essential for the director's own protection because there is a risk of breaching both legal obligations and corporate policies by disclosing Confidential Information without authorization.

Irrespective of whether there are Regulation FD issues stemming from a leak to the analysts, the press or other third parties, there may be consequences with respect to possible misstatements or omissions in the information disclosed.

Code of Conduct

The Code of Conduct adopted by the Company in accordance with the requirements of Rule 406 of Regulation S-K and the governance rules of the Nasdaq Stock Market (even though the Company is not subject to such governance rules) is applicable to all employees and directors and imposes confidentiality obligations on them as well as prohibitions on conflicts of interest and insider trading. In addition to the Code of Conduct the Board has its own confidentiality policy applicable specifically to directors, which is as follows:

Confidentiality Policy of the Board

Pursuant to their fiduciary duties of loyalty and care, Directors are required to protect and hold confidential all non-public information obtained due to their directorship position absent the express or implied permission of the Board of Directors to disclose such information. Accordingly,

(i) no Director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; and

(ii) no Director shall disclose Confidential Information outside the Company, either during or after his or her service as a Director of the Company, except with authorization of the Board of Directors, or as may be otherwise required by law.

For the avoidance of doubt, no Director shall disclose Confidential Information to any person or entity outside the Company, including principals or employees of any entity which employs or designated the Director or with which the Director has a relationship, except as permitted by this policy.

“Confidential Information” is all non-public information entrusted to or obtained by a Director by reason of his or her position as a Director of the Company. It includes, but is not limited to, non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed, such as:

- non-public information about the Company's financial condition, prospects or plans, its marketing and sales programs, and research and development information, as well as information relating to mergers and acquisitions, stock splits, stock buy-backs and divestitures or other significant corporate transactions or actions;
- non-public information concerning possible transactions with other companies or

information about the Company's customers, suppliers or joint venture partners, which the Company is under an obligation to maintain as confidential; and

- non-public information about discussions and deliberations relating to business issues and decisions between and among employees, officers and Directors.

The Company Speaks with One Voice

It is essential that the Company speak with one voice. Directors must decline to comment in response to inquiries about the Company or its securities. Accordingly, the Board's policy is that except as specifically authorized by the Board, only the Chief Executive Officer, or an individual authorized by the Chief Executive Officer, may speak for the Company.

Interference with Operations

The function of the Board is to establish policies for the direction of the Company and then to provide oversight with respect to management's implementation of such policies. It is not the function of the Board as a whole, or any individual Director who is not an employee of the Company, to be involved in the day-to-day operations of the Company and such involvement would be disruptive and counter-productive. Accordingly, Directors shall not interject themselves into the Company's operations. If a Director believes that as part of his or her oversight function it is imperative that he or she meet with management, the Director should explain the necessity of the meeting to the Company's Chief Executive Officer and request that such officer arrange such meeting, which will be subject to the approval of the Chief Executive Officer.

A Director shall not contact directly any of the Company's employees, vendors, customers, bankers, investors, shareholders or agents. If a Director believes that such contact is necessary to provide proper oversight, a request for such contact shall be made in writing to the Board or Chief Executive Officer pursuant to the Company's Corporate Governance Guidelines for their consideration.

It is anticipated that prior to a Director requesting any meetings described in this section, he or she will have vetted the issue at a Board meeting and received the approval of the Board to proceed with such inquiry.

Security of Director Communications

To enhance the security of communications between Directors and to preserve any attorney-client privileges, without the prior consent of a majority of the Board, third parties may not attend any Board or Committee meetings. Also, no audio or video recording of the proceedings of any Board or Committee meeting may be made unless approved by majority of the board

If Directors meet formally or informally within or outside of a Board meeting, whether in person, by telephone or electronically, they should always be acutely aware of their surroundings and take all necessary precautions to be sure that their communication is not heard by, or exposed to, third parties.