Lifeway Foods, Inc.
Executive Officer and Director Stock Ownership and Holding Policy

The Board of Directors ("Board") believes that Lifeway Foods, Inc. ("Lifeway") executive officers, directors and certain other executives should maintain a material personal financial stake in Lifeway to promote a long-term perspective in managing the enterprise and to align shareholder and executive interests. The executives who are subject to this policy are Section 16 Officers (including the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer), non-Section 16 reporting employees holding the title of Vice President or Director, and other senior executives or managers designated by the Board as long-term incentive award plan participants (collectively, "covered officers"). Independent directors and directors who are not executive officers of the Company or independent directors are also subject to this policy. The Board has adopted the formal stock ownership and holding requirements below that it will administer whereby each covered officer and independent director is required to maintain the following minimum equity stake in Lifeway:

Executive and Independent Director Stock Ownership and Holding Requirements		
Role	**Minimum Ownership**	**Holding Requirement**
Section 16 Officers	2x annual base pay	Each covered officer must retain 50% of all net shares (post tax) from the exercise, vesting, or payment of any equity awards until the minimum share ownership requirement is achieved and 25% of such shares thereafter. If the covered officer is promoted to a position that has a higher ownership requirement, the higher standard will apply as of the promotion date and 50% of net vested shares should be retained until the covered officer meets the ownership requirement.
Non-Section 16 reporting VPs and other senior managers and directors designated as share award plan participants	None	Each covered officer must retain 25% of all net shares (post tax) from the exercise, vesting, or payment of any equity awards.
Independent directors and directors who are not employees or independent directors	2x annual cash retainer	Each independent director must retain 50% of all net shares (post tax) from the exercise, vesting, or payment of any equity awards until the minimum share ownership guideline is achieved and 25% of such shares thereafter.

The individual level for each executive officer is initially calculated using the executive officer's base salary as of the date the person is first appointed as an executive officer. The level for each independent director is calculated using the annual cash retainer for regular Board service and excludes pay for additional committee service and per meeting attendance fees. The individual level for each director that is not an independent director or employee of the Company is the director's compensation for services provided by such director to the Company, including any consulting agreement between the director and the Company. This level is then recalculated each January 1st for covered officers and each July 1st for covered directors. Covered officers and directors will then be notified about their ownership requirement so they may determine whether they must hold additional shares.

For the purposes of determining ownership levels, the following forms of equity interests in Lifeway count toward the stock ownership requirement:

- Vested shares held outright or beneficially owned by the covered officer or director, regardless of how they were acquired;
- Vested shares held by the spouse or dependent children of the covered officer or director;
- Vested shares held in trust for the economic benefit of the covered officer or director, or the spouse or dependent children of the covered officer or director; and
- Vested shares held in a 401(k), IRA, or other retirement plan.

For the avoidance of doubt, the following do not count towards satisfaction of the stock ownership guidelines for executive officers and directors:

- Unvested shares of any type, including restricted stock, restricted stock units, performance shares, or performance units;
- Shares subject to pledge as collateral for a loan or in a margin account;
- Unexercised stock options (whether vested or unvested); and
- Vested incentive performance awards that are settled in cash.

Exceptions to these share ownership and holding requirements may be made at the discretion of the Board if compliance would create severe hardship or prevent a covered officer or independent director from complying with a court order, such as part of a divorce settlement. It is expected that these instances will be rare. If an exception is granted in whole or in part, the Board will, in consultation with the affected executive officer or independent director, develop an alternative stock ownership guideline for such individual that reflects both the intention of this policy and such individual's particular circumstances.

Reminder Regarding Section 16 Short-Swing Profit Rules

In purchasing shares of Lifeway common stock to satisfy these stock ownership guidelines, covered officers and all directors should be mindful of the short-swing profit rules under Section 16 of the Securities Exchange Act. Under those rules, any non-exempt purchase of Lifeway common stock by an executive officer or director may be matched against his or her sales of Lifeway common stock within six (6) months of that purchase, and will give rise to liability equal to the difference between the highest sale and lowest purchase during the six-month period.

Adopted: November 12, 2020