



Fighting Against Forced Labor and Child Labor in Supply Chains

2023 Annual Report

This report was prepared jointly by Indiva Limited and its wholly-owned subsidiary, Indiva Inc. (together, "**Indiva**", "we", "us") for the financial year ending December 31, 2023, pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**"), to prevent and reduce the risk of forced labour or child labour for goods procured in Canada or elsewhere for our use.

Indiva Limited and Indiva Inc. are each a corporation incorporated under the Business Corporations Act (Ontario) with its head office in London, Ontario. Indiva Limited is listed on the TSX Venture Exchange, which wholly owns its operating subsidiary Indiva Inc. Indiva Inc. is a licensed producer of marijuana under the *Cannabis Act* and Cannabis Regulations, focused on manufacturing edible and extract products.

Indiva is a leading producer of cannabis edibles in Canada and is committed to the eradication of forced labor and child labor in supply chains. We are setting the gold standard for quality and innovation with our award-winning products, across a wide range of brands including Pearls by Grön, No Future, Bhang as well as our own Indiva branded edibles and extracts.

Indiva owns and operates a state-of-the-art production facility in London, Ontario. Indiva was founded in 2015 and employs approximately 220 employees in Canada. Indiva's products are sold in every Canadian province, and the supply chain relies on third party transportation to deliver these products to our customers. All ingredients and packaging materials used to manufacture our finished goods are purchased from North American vendors (85% Canada + 15% USA). These vendors have a mix of North American and overseas suppliers, and our expectation is that these suppliers maintain the same commitment to eliminating forced labor and child labor within their supply chains.

The directors of Indiva Limited have established a code of business conduct and ethics (the "**Ethics Code**"), a copy of which may be found under Indiva Limited's SEDAR+ profile at www.sedarplus.ca. The Ethics Code provides a set of ethical standards by which each director, officer, employee, consultant and contractor of Indiva is expected to conduct their business and, for each officer and employee of Indiva, constitutes conditions of employment and, for each consultant and contractor, constitutes conditions of providing services to Indiva. The Ethics Code is intended to give an overview of Indiva's expectations for its directors, officers, employees, consultants and contractors and is supplemented by any other applicable policies adopted by Indiva.

The directors of Indiva Limited expect all directors, officers and employees of Indiva to act honestly and ethically at all times and to adhere to the Ethics Code. The Ethics Code sets out that

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all directors, officers, employees, contractors and consultants of Indiva, in discharging their duties, must comply with:

- the laws, rules and regulations of the location in which Indiva is conducting business activities;
- the Ethics Code; and
- all other policies of Indiva.

All directors, officers, employees, contractors and consultants are required to provide an annual certification to Indiva confirming compliance with all laws, rules and regulations of the location in which Indiva is performing business activities, as well as compliance with all applicable policies of Indiva. The CEO of Indiva is responsible for ensuring that all annual certifications are obtained, providing confirmation to the directors of Indiva that such certifications have been obtained and summarizing the results thereof.

The CEO of Indiva is responsible for setting the ethical tone for Indiva and its management, including:

- overseeing the administration and implementation of, and compliance with, Indiva's policies and procedures;
- taking all reasonable steps to satisfy the directors of Indiva Limited as to the integrity of the CEO and other senior officers of Indiva and that they create a culture of integrity throughout the organization; and
- fostering ethical and responsible decision making by management.

We believe a benefit of operating in the heavily regulated cannabis industry, and being subject to periodic audits and inspections from Health Canada and other governing bodies, is the reduction in the risk of the goods procured for our use being a product of forced labour or child labour. While Indiva strongly supports the elimination of forced labor in Canadian supply chains, 2024 is the first fiscal year in which policies and training measures are being developed and implemented to combat and educate employees on this important issue. All new employees are required to review and attest that they understand the Ethics Code within their first month of employment, and all tier 1 vendors are subject to a supplier qualification review to confirm they meet our strict requirements before any purchases are initiated. These policies will be further refined, and additional policies created during the 2024 fiscal year to specifically focus on eradication of forced labor and child labor.

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The actions being implemented in the 2024 fiscal year include, but are not limited to, the following:

- Policies and due diligence processes:
 - Addition of a verification section on Indiva's supplier quality assurance program to confirm each vendor has completed their own report under the Act, identifying if they source materials from countries that have high risk of using forced or child labor, and what are their internal policies and remediation measures for forced labor in their supply chain.
- Forced labor and child labor risks:
 - Indiva's procurement team will identify vendors that source materials from outside Canada to determine potential risk, and will secure back-up vendors to mitigate any identified risks.
- Remediation measures and remediation of lost income:
 - New vendor contracts will include terms that prohibit use of forced labor, and a defined timeframe to take corrective action if forced labor is identified. Failure to meet this timeline will result in termination of the contract.
 - A formal process for remediation of lost income has not yet been developed, however in the event that a future investigation identifies an instance of illegal child or forced labor appropriate action will be taken.
- Training:
 - Addition of training for new employees during onboarding to increase awareness of forced labor in the supply chain and inform them of Indiva's actions and commitments.
- Assessing Effectiveness:
 - Internal checks are currently in place for age verification before an employee is hired.

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The report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the board of directors of Indiva Limited.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Name: Niel Marotta

Title: President & CEO

Date: May 30, 2024

Signature: 

I have the authority to bind Indiva Inc.

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