



**2023 REPORT ON COMPLIANCE WITH CANADA'S
FIGHTING AGAINST FORCED LABOUR AND CHILD
LABOUR IN SUPPLY CHAINS ACT ("REPORT")**

MARCH 31, 2024



CANOPY GROWTH
UNLEASHING THE POWER OF CANNABIS

1. INTRODUCTION

On January 1, 2024, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”), officially came into force. The *Act* is focused on identifying and addressing risk of Child Labour¹ or Forced Labour² practices in the supply chain of Canadian businesses.

This Report was prepared in accordance with the guidance provided by:

1. [OECD Due Diligence Guidance for Responsible Business Conduct - OECD](#)
2. The Public Safety Canada guidance document³

We have determined that Canopy Growth Corporation (“**CGC**”) and its subsidiary Tweed Inc. (“**Tweed**”) are both reporting entities under the *Act*. CGC is a public company and reporting issuer listed on both the Toronto Stock Exchange and the Nasdaq Global Select. Tweed is a licensee under Canada’s *Cannabis Act*, SC 2018, c 16 (the “**Cannabis Act**”) and the operating subsidiary primarily engaged in the cultivation, manufacturing, distribution, and sale of cannabis in Canada. As a wholly owned subsidiary of CGC, all corporate policies adopted by CGC are cascaded down and operative at Tweed. This Report is a joint report of CGC and Tweed, which are jointly referred to herein as “**Canopy**”, “**we**”, “**us**”, or “**our**”.

This Report sets out the steps taken to prevent and reduce the risk that Forced Labour or Child Labour are employed during the production, distribution, or sale of goods in or for Canada and covers the most recent financial year of Canopy, being April 1, 2023 to March 31, 2024 (the “**Reporting Period**”).

Our vision is to unleash the power of cannabis to improve lives. As one of the first publicly traded, federally regulated and licensed cannabis producers in North America, we embrace the opportunity and responsibility to lead the cannabis industry forward with integrity and intention. Our vision comes to life by harnessing the power of the plant, building a leading North American cannabis company, and fostering a purpose-driven atmosphere for our employees. Our approach is grounded in our responsibility to operate with integrity, intention, and values, and as such we place the highest importance on respecting human rights while conducting our business activities everywhere we operate in accordance with the spirit and principles of the *Act*.

¹ “Child Labour” means labour or services provided or offered to be provided by persons under the age of 18 years and that (a) are provided or offered to be provided in Canada under circumstances that are contrary to the laws applicable in Canada; (b) are provided or offered to be provided under circumstances that are mentally, physically, socially or morally dangerous to them; (c) interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work; or (d) constitute the worst forms of Child Labour as defined in article 3 of the Worst Forms of Child Labour Convention, 1999, adopted at Geneva on June 17, 1999.

² “Forced Labour” means labour or service provided or offered to be provided by a person under circumstances that (a) could reasonably be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service; or (b) constitute forced or compulsory labour as defined in article 2 of the Forced Labour Convention, 1930, adopted in Geneva on June 28, 1930.

³ [Prepare a report – Entities \(publicsafety.gc.ca\)](#)

2. STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

2.1 Structure and Activities

Canopy currently employs 980 individuals, the majority of whom are located in Canada and work within Tweed. Tweed cultivates and manufactures, produces, distributes, and sells a diverse range of cannabis products. The cannabis that Canopy cultivates for its cannabis products is primarily grown within two facilities in Canada, namely Kincardine, Ontario and West Kelowna, British Columbia. In addition, Tweed conducts manufacturing operations out of its facility in Smiths Falls, Ontario. Tweed's cannabis products are principally sold for adult-use and medical purposes under a portfolio of distinct brands in Canada pursuant to the *Cannabis Act*. Our mainstream and premium branded product portfolio includes multiple cannabis formats, such as high-quality dried flower, oils, softgel capsules, infused beverages, edibles and topical formats, as well as vaporizer devices, in addition to cannabis accessories and hemp-derived CBD designed to meet the needs of consumers worldwide.

Products are distributed either directly by Tweed and its affiliates or through agreements with established distributors. Tweed supplies adult use cannabis products to cannabis control authorities in all of the provinces and territories in Canada (other than Saskatchewan), where each such cannabis control authority is the sole wholesale distributor and in certain provinces, the sole retailer, of cannabis products in the relevant province. Tweed also exports dried flower and oil products internationally to jurisdictions in which cannabis is legalized for medical and/or adult recreational use, including primarily Germany and Australia.

2.2 Supply Chain

Canopy's supply chain consists of direct and indirect (i) suppliers that provide cannabis inputs, product ingredients, cannabis products, packaging materials, and other raw materials and components; (ii) service providers that source the foregoing, and that cultivate, manufacture, produce, process, package, and transport cannabis and cannabis products on our behalf; and (iii) suppliers of goods and services, such as production machinery and componentry parts (including for cannabis accessories like vapes). All cannabis inputs are sourced from Canada. The raw materials, components, items and systems required to manufacture our products are procured from suppliers around the world and vary from product to product. On a global level, majority Canopy's direct suppliers of goods and services are located in North America and Europe. Specifically with respect to the products we sell within Canada, the majority of our direct suppliers of goods and services are located within Canada.

3. STEPS TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR

During the Reporting Period, Canopy took the following steps to prevent and reduce the risk of Forced Labour or Child Labour in our business and supply chains:

- ❖ **Mapped activities and supply chains and conducted a preliminary internal assessment of the risks of Forced Labour and/or Child Labour in our supply chains to enhance third-party due diligence activities.** Canopy used a risk-based approach to identify which elements of our business and supply chains may involve modern slavery risks considering our supplier's jurisdiction, manufacturing location, quantity and use of raw materials, the type of service or product supplied and any risk mitigation measures in place. We applied materiality measured by overall spend and/or core revenue operations to prioritize order of risk assessment.
- ❖ **Gathered information on worker recruitment and maintained internal controls to ensure that all workers are recruited voluntarily.** We reviewed our human resources policies and employment practices to confirm that our hiring practices complied with applicable employment legislations.
- ❖ **Developed and implemented contractual covenants on third parties.** We incorporated into our commercial agreements covenants of compliance with the obligation of the Act from third parties engaged in conducting business with Canopy or Tweed and the explicit confirmation that these third parties do not engage in either Forced Labour or Child Labour in their own operations and throughout their supply chains. The expectation is that CGC or Tweed will each have a commercial remedy to rely upon in order to rectify any instances of Forced Labour or Child Labour within its supply chain.
- ❖ **Monitored and audited supplier compliance through our Quality Management System.** Under the *Cannabis Act*, we operate under a strict Quality Management System ("QMS") which requires that we conduct regular onsite or paper-based audits of our suppliers and service providers. This provides an opportunity to observe, firsthand, whether there exists any evidence of Forced Labour and Child Labour practices.
- ❖ **Updated Code of Business Conduct and Ethics.** Under the guidance of the Corporate Governance, Compensation and Nomination Committee of the Board of CGC, we updated our Code of Business Conduct and Ethics to express our expectation that each employee be vigilant in identifying and reporting any instance of Forced Labor and Child Labour identified in their daily interactions.

4. ASSESSING AND IDENTIFYING OUR RISK FOR THIS REPORT

Our processes to determine the risk of Forced Labour or Child Labour in drafting this Report consisted of: (i) a supplier classification and audit and (ii) review of our hiring and employment practices.

4.1 Supplier Classification and Audit

Canopy uses a risk-based approach to assess and manage its risk of Forced Labour and Child Labour in our supply chain. Our methodology to identify risks in our supply chain through our process combines notably country risk indicators, supplier's category, materiality, the type of products/services offered by the supplier, and any risk mitigation measures in place. These combined metrics determine the priority and level of additional due diligence to be performed, including with respect to Forced and Child Labour.

Our methodology to identify risks is notably based on 1) whether the supplier is headquartered or its manufacturing sites are located in countries that have a low score on the corruption perception index and/or that are at risk according to the Global Slavery Index⁴ based on the products they supply to Canopy; 2) whether the products/services come from or are located or delivered to one of the countries mentioned above; 3) whether Canopy is supplied with certain indirect goods and services, including products on the then current TVPRA List of Goods Produced By Child Labour Or Forced Labour ⁵; 4) if the products offered by the supplier to Canopy include raw materials, including conflict minerals; and 5) risk mitigation measures in place. We use materiality measured by overall spend and/or core revenue operations to prioritize our ongoing efforts of additional due diligence.

4.1.2 Forced Labour or Child Labour risks in our activities and supply chains related to direct suppliers

Applying the above method, Tweed has assessed the risks of Forced Labour and Child Labour for its direct suppliers. The majority of Tweed's direct suppliers of goods and services are located in North America and Europe which have a low prevalence of modern slavery according to the Global Slavery Index⁶. These relationships are governed by long-term contracts which include covenants of compliance with all applicable laws, which include employment laws and human rights legislation.

A significant portion of Tweed's business is focused on agricultural activities within Canada, specifically the cultivation and harvest of cannabis. All of Canopy's suppliers engaged in these activities are located in Canada. The use of migrant workers in the agricultural sector has been

⁴ [Global-Slavery-Index-2023.pdf \(walkfree.org\)](#)

⁵ [TVPRA List of Goods Produced By Child Labour Or Forced Labour](#)

⁶ [Global Slavery Index](#)

identified as a potential risk area with respect to use Forced Labour or Child Labour. Tweed's activities are governed by strict quality control requirements and processes pursuant to the *Cannabis Act*. In compliance with these obligations, Tweed conducts regular supplier compliance audits and physical site visits which provide an opportunity to observe firsthand, whether there exists any evidence of Forced Labour and Child Labour practices. We audit compliance with QMS requirements on a regular basis as part of our standard operating procedures. During the Reporting Period, Canopy has updated its contracts to include the explicit confirmation that third parties do not engage in either Forced Labour or Child Labour. The expectation is that CGC or Tweed will have a commercial sanction to rely upon in order to rectify any identified violations of the *Act* by third parties within its supply chain.

As a result, we assess the risk of Forced Labour or Child Labour for our direct suppliers in all parts of our supply chain as low at this time.

4.1.2 Forced Labour or Child Labour risks in our activities and supply chains related to downstream suppliers in mining and quarrying sectors and industries

With respect to our secondary and tertiary vendors, particularly those who supply components to our vaping devices, these suppliers are within the scope of our annual audit and reporting conducted in accordance with Rule 13p-1 (the "**Rule**") promulgated under the *Securities Exchange Act of 1934*, as amended. The Rule requires companies to publicly disclose certain information relating to their use of cassiterite, columbite-tantalite (coltan), gold, wolframite and their derivatives, which are limited to tin, tantalum and tungsten ("**Conflict Minerals**") that originated in the Democratic Republic of the Congo or an adjoining country (collectively, the "**Covered Countries**" and each a "**Covered Country**") that may be contributing to human rights abuses if those minerals are necessary to the functionality or production of a product manufactured, or contracted to be manufactured, by those companies. The Rule requires companies to audit and report whether Conflict Minerals that originated in a Covered Country exist in their supply chains. Canopy reviews supplier compliance with the Rule on an annual basis to mitigate relevant risks, including Forced Labor and Child Labour risks arising from conflict mineral extraction and reports on them annually in accordance with our obligations as a U.S. reporting issuer. Canopy's conflict mineral report can be found at: [Conflict Minerals Report - Canopy Growth](#)

4.2 Internal Human Resources Practices

Canopy has gathered information on worker recruitment and maintained internal controls to ensure that all workers are recruited voluntarily. Canopy currently employs 980 individuals, the majority of whom are located in Canada and work within Tweed. A significant portion of Tweed's business is focused on agricultural activities within Canada. To our knowledge, we do not currently employ migrant workers, a workforce segment which has been identified as a potential risk factor of modern slavery in the agricultural sector. Our global workforce primarily consists of skilled, qualified, and experienced individuals. The majority of CGC's global

operations and workforce are located in Canada, the USA and Germany which are ranked as having a low prevalence of modern slavery by the Global Slavery Index⁷.

In consideration of our current employee profiles and the low prevalence of modern slavery risks in the countries we operate in, together with Canopy's corporate values, policies, governance and due diligence measures in place we consider the overall risk that our operations may utilize or contribute to Forced Labor and Child Labour to be low.

5. GOVERNANCE AND POLICIES

We place the highest importance on respecting human rights while conducting our business activities everywhere we operate and consider this to be a fundamental corporate responsibility and a value governing all our activities. In furtherance of Canopy's commitment to upholding human rights we have updated our policies, governance, and due diligence processes as further described in this section.

We believe that good governance is the essential foundation of a respectful and inclusive corporate culture that earns trust from and builds value for our clients, employees and shareholders. The Corporate Governance, Compensation and Nomination Committee oversees management of human capital, culture and conduct at Canopy, including breaches of our Business Code of Conduct and Ethics. Additional responsibilities include (i) developing and recommending governance frameworks, principles and policies to the Board; (ii) overseeing environmental, social and governance matters; (iii) monitoring developments in corporate governance and adapting best practices. During the Reporting Period, under the guidance of the Corporate Governance, Compensation and Nomination Committee, we updated our Business Code of Conduct and Ethics policy to express our expectation that each employee be vigilant in identifying and reporting any instance of Forced Labor and Child Labour identified in their daily interactions. Reports and grievances relating to violation of our Code of Business Conduct and Ethics, including, without limitation, concerns related to Forced Labour and Child Labour can be made directly to the Chief Executive Officer of CGC, Chairman of the Board or anonymously in accordance with CGC's WhistleBlower Protection Policy, by employees and suppliers.

Our Corporate Governance Guidelines are available at: [CGCN Committee Charter](#)

Our revised Code of Business Conduct and Ethics can be found here: [Code of Business Conduct and Ethics - Canopy Growth](#)

Our WhistleBlower Protection Policy can be found here: [WhistleBlower Protection Policy - Canopy Growth](#)

⁷ [Global Slavery Index](#)

6. REMEDIATION MEASURES

During the Reporting Period, we did not identify any incidents of Forced Labour or Child Labour in our activities or supply chain. We therefore did not need to take any measures to remediate an incident of Forced Labour or Child Labour. If we do identify incidents of Forced Labour or Child Labour within our activities or supply chains, we will consider the appropriate remediation strategies in view to international standards.

7. TRAINING

Canopy's employees receive regular tailored training on ethical topics and our policies. All new employees are assigned a mandatory onboarding training package which includes training on our Code of Business Conduct and Ethics and the WhistleBlower Protection Policy (the "Policies"). On an annual basis, all office employees are required to certify their abidance by the Policies. We did not have any specific training with respect to identification of Forced Labour or Child Labour in our operations or supply chain during the Reporting Period. In 2024, Canopy intends to provide training to targeted audiences that will include how to identify and report Child Labour and Forced Labour.

8. ASSESSING EFFECTIVENESS

During the Reporting Period, Canopy has introduced certain measures specifically aimed at reducing the risk that Forced Labour or Child Labour will be used in our activities and our supply chains as set out in this Report. These measures include updates to our policies and our contracts and monitoring compliance through our QMS system.

We measure effectiveness in ensuring that Forced Labour and Child Labour are not being used in our activities and supply chains through setting up regular reviews or audits of our suppliers and our organization's quality control systems, policies, contracts, procedures related to Forced Labour and Child Labour, and tracking numbers of cases reported and solved through the WhistleBlower Protection Policy grievance mechanism. As this is our first Report, we have not had the opportunity to establish a baseline against which we can measure the effectiveness of our mitigation strategies. We have not received any reports of or grievances in relation to Forced Labour or Child Labour during the Reporting Period.

We are committed to respecting and promoting human rights in all facets of our business, and we will continue to identify, address, and attempt to mitigate risks of Forced Labor and Child Labor in all our activities.

9. APPROVAL AND ATTESTATION

This Report was approved pursuant to subparagraph 11(4)(a) of the *Act* by the Board of Directors of each of CGC and Tweed.

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

I have the authority to bind CGC and Tweed.

Per: 
Full Name: David Klein
Title: CEO
Date: 29 March 2024

