



GURU ORGANIC ENERGY CORP.

Report Forced Labour and Child Labour Risks

Year ended October 31, 2023

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1. Introduction

This report is produced by GURU Organic Energy Corp. for the financial year ending October 31, 2023. As of October 31, 2023, the wholly owned subsidiaries included in scope of this report are GURU Beverage Inc. ("GURU Canada"), a corporation incorporated under the CBCA, and GURU Beverage Co. ("GURU USA"), a corporation incorporated under the Delaware General Corporation Law. The terms "we," "our," "us," "Corporation," and "GURU" as used in this report refer collectively to GURU Organic Energy Corp., GURU Canada and GURU USA, to one or more of them, or to those who work for them.

The report sets out the steps taken to prevent and reduce the risk that forced labour or child labour (also known as modern slavery) is used at any step of the production of goods in Canada or elsewhere or of goods imported into Canada by the Corporation. This report is prepared by the Corporation according to Canada's new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act").

2. Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

We consider the respect of human rights to be a fundamental corporate responsibility and a value governing all our activities. We expect the same from our business partners, prioritizing relationships founded on trust, integrity, and ethical practices. As of October 31, 2023, no formal measures or policies have been put in place to prevent and reduce the risk of forced labour and child labour occurring in our activities and supply chains. However, driven by a strong commitment to social responsibility, GURU is determined to take concrete actions to combat forced labour and child labour.

As such, in 2024, we have initiated the following actions to prevent and reduce the risk of forced labour and child labour occurring in our activities and supply chains:

- Adopt a Supplier Code of Conduct.
- Amend our Code of Ethics and Business Conduct to emphasize our expectation for our workforce and business partners to uphold human rights.
- Conduct a preliminary internal assessment of the risks of forced labour and/or child labour in our supply chains to enhance our supplier's third-party due diligence process. Assess the effectiveness of our new supplier's third-party due diligence process, which covers modern slavery risks, with selected suppliers to identify any areas of improvement.

Details of the above actions are set out in this report.

3. Structure, Activities and Supply Chains

3.1. Structure

GURU Organic Energy Corp. is incorporated under the Canada Business Corporations Act and is listed on the Toronto Stock Exchange. The Corporation is domiciled in Montreal, Quebec, Canada, where its administrative offices are located. It produces consolidated financial statements that comprise the Corporation and its wholly owned subsidiaries, GURU Canada and GURU USA. GURU produces, markets, and distributes energy drinks for sale in the Canadian and United States markets.

3.2. Activities

GURU is a dynamic, fast-growing beverage company launched in 1999, when it pioneered a natural, plant-based energy drink. The Corporation now markets organic energy drinks in Canada and across the United States through an estimated distribution network of more than 25,000 points of sale. GURU has built a brand around offering its customers “good energy” through energy drinks with a clean list of organic plant-based ingredients. The Corporation is committed to its mission of cleaning the energy drink industry.

GURU employs a comprehensive sales channel mix, encompassing convenience stores and gas stations, grocery stores, pharmacies, wholesale clubs, food service companies and online sales platforms in both Canada and the United States. This strategic approach ensures that its products are readily available to consumers across a wide range of locations, meeting the demands of diverse markets.

GURU’s activities consist of developing, marketing, selling and distributing natural, organic, plant-based (100% Crap Free™) energy drinks under the GURU brand name. Manufacturing is outsourced to a network of established third-party co-packers certified to manufacture organic products. Consequently, GURU does not own or rent any property, plant and equipment relating to its production facilities, nor is GURU subject to any payment terms, expiration dates and terms of any renewal options of any material leases or mortgages in relation to the facilities used to produce its products.

The Corporation provides its production partners with the recipes, flavours, ingredient blends, cans and other raw materials for its beverages, purchased from various suppliers across the globe.

3.3. Supply Chains

At GURU, we hold the well-being of our employees, customers, and partners in the highest regard. We firmly believe that health and safety are non-negotiable aspects of any operation. Hence, we emphasize the importance of prioritizing health and safety across every facet of our business.

We have implemented rigorous controls and requirements to our supply chain to ensure that every product meets the highest health and safety standards. Central to this commitment is our

approach to qualifying suppliers. We have established a comprehensive qualification process that evaluates suppliers not only on their product's quality and reliability but also on their adherence to stringent health and safety protocols.

GURU prioritizes long-term partnerships based on trust, integrity and ethics, such as those we have cultivated with flavor houses over the past decade. These partners adhere to rigorous sustainability standards and comprehensive risk assessment protocols to uphold excellence in manufacturing, ensure workplace hygiene, and safeguard human rights.

A substantial portion of our imports includes cane sugar and tea extracts, sourced from suppliers who hold Fair Trade certification, reflecting our ethical sourcing values. While smaller suppliers do not have formal certifications against forced labour and child labour, some are actively engaged in implementing policies and initiatives to uphold ethical standards in their operations.

GURU's supply chain begins with sourcing raw materials from various suppliers in different countries or regions. It ends with the sale of finished products, cans of organic energy drink, to our consumers via one of our distribution channels.

1. **Raw Material Sourcing:** Fruit juices and concentrates, flavors, sweeteners, acids, and herbal extracts are purchased directly or through brokers. Due to the nature and limited availability of our ingredients, we source raw materials from a network of suppliers located globally. To qualify, suppliers must meet an exhaustive list of criteria and provide the necessary documentation as proof such as:
 - Quality Management Program
 - Organic Certificate
 - Food Grade Certificate
 - Kosher Certificate
 - GMO free Certificate
 - Certificate of origin
 - Flow chart of the production process
 - Certificate of Analysis
 - Material Safety Data Sheet

When raw materials cannot be sourced locally, they are imported into Canada from various countries such as, but not limited to, Argentina, Brazil, Canada, China, Czech Republic, Italy, Mexico, Peru, Thailand, Turkey, and the United States. Less than 20% of total raw materials sourced in 2023 originate from countries with a higher risk of modern slavery such as Brazil, Mexico, Peru, Thailand, and Turkey.

2. **Packaging:** The list of packaging required to manufacture our finished goods is limited to just a few items such as aluminum cans, aluminum tops, corrugated boxes, corrugated trays, and folding cartons. Our main packaging suppliers are among the most respected and recognized names in the industry. They are committed to

respecting human rights and do not tolerate human trafficking, slavery, forced labour, corporal punishment, or child labour. Most of the packaging is purchased from North American suppliers. In some instances, packaging is sourced from European countries.

3. **Manufacturing and Production:** Once raw materials and packaging are procured, they are delivered to contract manufacturing facilities where they undergo processing and production. This stage involves blending, mixing, filling, and packing processes to create the beverage products. Manufacturing facilities are not owned by GURU. We have contractual agreements with co-packing facilities in Canada as well as in Europe for uncommon North American formats.
4. **Distribution:** After their release from quality assurance, packaged beverages are transported to one of our Canadian or American contract warehousing facilities. Distribution involves a network of logistics partners and transportation providers to reach retailers and wholesalers.
5. **Retail:** Finally, the beverages are sold to consumers through various Canadian and American retail channels such as supermarkets, convenience stores, online platforms, and specialty beverage stores. Retail locations may vary widely, from local shops to global chains.

4. Policies and Due Diligence Processes

In 2024, GURU initiated a review of its policies and due diligence processes implemented to prevent and reduce the risks associated with forced labour and child labour in its supply chains. These measures demonstrate GURU's dedication to sustainable practices, human rights protection, and its fervent pursuit of fostering a secure and inclusive environment for all employees and workers throughout its operations and supply chains.

4.1. Code of Ethics and Business Conduct

The Corporation is committed to maintaining high standards of integrity and accountability in conducting its business. The Code of Business Ethics and Business Conduct (the "Code of Ethics") provides a framework of guidelines and principles to govern our ethical and professional behaviour in conducting our business. In May 2024, we added a section to the Code of Ethics on the absolute prohibition of any form of forced labour, child labour, and human trafficking, and underscoring our expectation that both our workforce and business partners uphold the principles of human rights.

4.2. Supplier Code of Conduct

We believe that our suppliers play a crucial role in achieving high ethical standards and promoting sustainable practices. Therefore, in 2024, we will formalize our Supplier Code of Conduct to outline our expectations and requirements for all suppliers who do business with

us. To align with the objectives of the Act, the Supplier Code of Conduct will include a section dedicated to fighting against forced labour and child labour.

4.3. Reporting Procedure

GURU has implemented a procedure that facilitates the reporting of various forms of misconduct, including any possible violation of the Code of Ethics, fraud, misappropriation of business property or any other illegal or unethical behavior. Our reporting procedure is accessible to anyone, including to our employees, customers, suppliers, partners, and any other stakeholder. Our Code of Ethics outlines the steps to report any socially reprehensible behaviour and provides mechanisms to ensure the confidentiality of the reporting process. As per the reporting procedure, all our employees as well as customers, suppliers, partners or other third-parties have the responsibility of reporting any incidents they become aware of.

5. Forced Labour and Child Labour Risks

GURU considers the risk of forced labour or child labour to be low in its internal operations[, **which are exclusively based**] in Canada and the United States. Canadian and United States employees are governed by the Corporation's Code of Ethics and benefit at all times from the legal protections offered by their local jurisdiction, including during the hiring process. However, we acknowledge that we must conduct a more thorough risk assessment of our suppliers to define the level of risk in our external operations. As such, GURU is currently in the process of conducting a preliminary mapping of forced labour or child labour risks to increase our understanding of the level of risk posed by each of our suppliers and to ensure that we minimize the risks of human rights abuses in their activities.

6. Remediation Measures

To date, we have not identified any occurrences of forced labour or child labour in our activities or supply chains, and therefore, no remedial measures were taken, including those related to remediating the economic impact on the most vulnerable families. Nevertheless, we must remain vigilant. If we were to identify incidents of forced labour within our activities or supply chains, we would evaluate and implement the necessary remediation strategies.

7. Training

GURU ensures that its employees undergo consistent training on our internal policies. New employees are required to complete a series of onboarding sessions, which include familiarization with our Code of Ethics. Additionally, GURU plans to introduce comprehensive company-wide training sessions focused on the Supplier Code of Conduct and the prevention of forced labour and child labour.

8. Assessing Effectiveness

While we have not yet conducted assessments to gauge the effectiveness of the measures that have been or are being implemented, GURU intends to carry out such evaluations in the future. These assessments will aim to measure the impact of our initiatives in preventing and mitigating the risks of forced labour and child labour within both our operations and supply chains.

9. Approval and attestation

This report was approved under subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of GURU Organic Energy Corp.

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 at the first section of this report. 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 mentioned at the first section of this report.

I have the authority to bind GURU Organic Energy Corp.

Per:  _____

Full Name: Carl Goyette
Title: President & CEO, Director
Date: May 28, 2024