

## 2023 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

### Introduction

This report has been prepared by Organika Health Products Inc. (“**Organika**”) in accordance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) for our financial year ending August 31, 2023.

Organika is dedicated to inspiring, educating and keeping healthy living simple and accessible for our community. In over 30 years of operating in Canada, we have built relationships with our customers and communities based on trust and quality. We respect human rights and acknowledge the importance of improving transparency on risks to workers in the global supply chain.

Organika acknowledges the risks of forced labour and child labour in the global supply chain. We are committed to continuous improvement in our due diligence, risk assessment, remediation, and training processes. We are also committed to promoting labour practices that protect the safety and human rights of our workers, contractors, and suppliers, as well as preventing and mitigating the risks of forced labour and child labour in our operations and supply chains.

### Our organizational structure

Founded in 1990, Organika is a private company incorporated under the laws of British Columbia. Our head office is in Vancouver. We employ approximately 85 people who work in product development, sales, marketing and corporate office roles. We occasionally hire contractors and temporary workers from reputable employment and recruitment agencies.

We are an active member of provincial and national industry associations, including BC Food & Beverage, the Canadian Health Food Association, and Food, Health & Consumer Products of Canada (FHCP), which is the voice of Canada’s leading food, health, and consumer products manufacturers. We follow industrial guidelines to align our business objectives with sustainability, build appropriate knowledge and skills, and implement any necessary changes in our business operations. Organika actively engages with the community where it lives and operates. We recognize the diversity within our community and are committed to creating an inclusive, respectful, discrimination-free environment. We provide various programs to give back our community including supporting the local communities where we live and operate, partnering with charities for donation and creating diversity programs and initiatives.

### Our business activities and supply chain

Our business activities involve developing and selling natural health products, including beauty, functional, superfoods, and hydration products. Prior to April 2023, we manufactured a majority of these products. Our products are primarily sold to Canadian retailers who market and sell to end use consumers. We also sell our products online.

Natural health products are regulated in Canada under the *Food and Drugs Act* and *Natural Health Products Regulation*. Health Canada, the Natural and Non-Prescription Health Products Directorate (NNHPD) and the Canadian Food Inspection Agency (CFIA) play an active role in ensuring product efficacy, safety, and quality. Our manufacturers are subject to regular inspections and audits in accordance with these regulations. The on-site inspection requirements under these regulations include ensuring sanitary working conditions and hiring qualified personnel. In addition, our manufacturers are required to maintain records of the source of all ingredients used.

Before releasing our products to the market, we test them, multiple times, in certified independent laboratories to ensure that they meet quality and organic food standards wherever applicable, including what is required by governmental and industrial standards.

The majority (approximately 98%) of our manufacturing is domiciled in Canada. The remaining (approximately 2%) is manufactured in facilities outside of Canada. We have longstanding relationships with the manufacturers of our products and have worked with many of them for decades. We also visit and audit them regularly and as appropriate in accordance with our internally set standards. Our extended supply chain consists of product ingredients and packaging that our manufacturers source from the United States, Europe, Asia, and Latin America. Currently our imports of finished products into Canada have been minimal and consist of only minor volumes.

## Steps to prevent and reduce the risks of forced labour and child labour

In our financial year ending August 31, 2023, Organika took the following steps to prevent and reduce the risks of forced labour or child labour in our operations and supply chain:

- Maintaining workplace safety in accordance with our health and safety policies, regulations and WorkSafeBC policies.
- Providing ongoing training and development to keep worker's knowledge and skills up to date with current industry standards relating to health, security, safety, and environment.
- Conducting internal audits and reviewing independent audits to ensure suppliers and subcontractors comply with policies, applicable laws, and industry standards.
- Developing contractual clauses in new supplier contracts and obtaining written confirmation from existing suppliers, to ensure that they follow quality and safety requirements under food related regulations and permitting audit and inspection rights over their supply chains.
- Encouraging our workers to identify and report workplace hazards or other incidents relating to health and safety.
- Using our existing grievance mechanisms to ensure that complaints or concerns relating to violations of labour rights are heard and adequately addressed.

## Policies and due diligence processes

Organika embeds responsible business conduct in our governance, policies, and decision-making, which enables us to assess, prevent, and reduce the risks of forced labour and child labour in our activities and supply chain.

Our governance structure establishes accountability and oversight of business ethics and human rights in our operations and supply chain. Our Chief Executive Officer is responsible for overseeing key issues and efforts in relation to sustainable development, including human rights. We have a centralized, dedicated Procurement team who is responsible for overseeing product development and supplier relationships. Our People & Culture team is responsible for overseeing our safety and human rights policies and grievance mechanisms and serves as a touchpoint for worker-related inquiries from our management and other department leaders.

To manage risks in our operations, Organika has established policies and reporting mechanisms in accordance with Canadian employment, safety, and human rights regulations, including:

- Our **Environment, Health and Safety Policy** affirms our commitment to safe working conditions at our sites, by setting the general principles that we will provide education and awareness training to our employees on relevant health and safety programs, ensure all health and safety incidents are reported, investigated and learned from, and actively monitor, audit and improve our systems, processes, health, safety and environmental performance.

- We demonstrate zero tolerance to bullying, harassment and violence in any form in the workplace in our **Workplace Bullying, Harassment & Violence Policy**.
- Our **Incident and Hazard Reporting & Investigation Guideline** encourages our workers to report misconduct and unsafe working conditions. The Guideline provides a procedure to encourage our employees and contractors to report an incident or hazard in the workplace and directs our management team to address the issues timely and efficiently.
- Our **Environmental, Social, and Governance policy** ensures we take a holistic approach to our operations ensuring the protection and preservation of the environment, leading in diversity equity and inclusion, and governing all aspects of our policies diligently.

To manage risks in our supply chain, Organika's procurement team has established long-term relationships with our manufacturers and suppliers and established due diligence processes relating to our supply chain, including:

- Our new supplier contracts and written confirmation statements from existing suppliers require compliance with applicable laws and permit Organika to request documents and inspect the raw materials, products, and facilities of our suppliers. We developed these clauses and confirmation statements in the reporting year and completed this work in 2024.
- We require verification that regular Health Canada Good Manufacturing Practice (GMP) audits have been completed to comply with regulations in relation to health and safety, sanitation and pest control, humidity and temperature control, storage conditions, and certifications.
- We review other independent audits of our manufacturers and their suppliers under industrial and government standards including Organic Certified, ISO, British Retail Consortium Food Safety, the U.S. Food and Drug Association (FDA) Hazard Analysis Critical Control Point (HACCP).
- We only conduct business with suppliers that have passed the required inspections and, where applicable, have a foreign site registration number verifying that they are approved manufacturers in accordance with Health Canada requirements.
- We refuse to accept products if they do not meet our quality standards. As noted above, all products undergo multiple independent testing rounds and acceptance protocols before they are released to market.

## Forced labour and child labour risk

Organika operates in a highly regulated industry, where regular internal and external quality inspections are required to ensure consumer safety and confidence. The risk assessments embedded in existing food safety and quality audits enable visibility and transparency over manufacturers and the extended supply chain. Inspections under Canadian natural health product laws review factors that are relevant to indicators of forced labour and child labour, including sanitary working conditions and qualified workers; and manufacturers are required to map the supply chain to comply with food safety standards.

Organika has not identified risks of forced labour and child labour impacting our operations or supply chains. We operate solely in Canada and comply with applicable health, safety, human rights, and employment laws. Most of our manufacturers also operate in Canada and in jurisdictions that have lower risks of forced labour or child labour because of legal protections in place for workers. Our manufacturers are also subject to government audits and inspections of working conditions, which mitigates the risk that forced labour or child labour is used in this supply chain. We have the contractual right to request documentation relating to our indirect suppliers. In early 2024, we received written and signed statements from our suppliers that no forced labour or child labour has been used in their facilities.

We anticipate that the new Canadian reporting requirements under the Act will lead to greater transparency in Canada's supply chain. As new information becomes available, we will continue to assess our policies and processes and engage with our suppliers to prevent and assess the use of forced labour and child labour.

## Remediation measures and remediation of loss of income

In our operations, Organika encourages anonymous reporting and timely investigation of potential human rights violations and does not tolerate direct or indirect acts of retaliation made in response to a good faith report. Our Incident and Hazard Reporting & Investigation Guideline establishes reporting mechanisms available to our workers to report any potential violations of our safety and workplace policies and standards in our business operations. We encourage our workers to contact supervisor, manager or human right department to report any potential violations.

To date, Organika has not identified risks relating to forced labour or child labour in its operations or supply chains and, accordingly, has not taken any remediation measures or remediation of loss of income to families as a result of forced labour or child labour.

## Employee training

Organika prioritizes health and safety for our workers, contractors and other members in the community that is affected by our operations and have provided training on our compliance standards and identifying hazards and indicators of unsafe working conditions. To date, we have not developed training for employees that specifically addresses the risks of forced labour or child labour in our supply chains.

## Assessing effectiveness

In its operations, Organika monitors compliance of its workers, contractors and suppliers with the standards set out in its policies in relation to health, safety and quality. We conduct and review regular audits of our manufacturers to ensure quality, safety, and compliance with applicable industry and government standards. Moving forward, these assessments will enable Organika to assess the effectiveness of its approach to preventing and addressing risks of forced labour and child labour in its supply chains.

## Approval and attestation

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 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.

Dated in the City of Vancouver, British Columbia, this 27 day of May, 2024.



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Aaron Chin, Chief Executive Officer

I have the authority to bind Organika Health Products Inc.