



Fighting Against Forced Labour and Child Labour in Supply Chains Act Annual Report

Year end May 31, 2023

1: INTRODUCTION

1.1 At Tilray Brands Inc. ("**Tilray Brands**") and its other Reporting Entities[1], Aphria Inc. ("**Aphria**"), Aphria Diamond Inc. (formerly, 1974568 Ontario Limited) ("**Aphria Diamond**"), Broken Coast Cannabis Limited ("**Broken Coast**"), High Park Holdings Limited ("**High Park**"), HEXO Operations Inc. ("**HEXO**"), 9037136 Canada Inc. ("**Redecan**") and Fresh Hemp Foods Ltd. ("**Manitoba Harvest**") (collectively, the "**Tilray Reporting Group**" or "**Tilray Group**" and words such as "**we**", "**us**" and "**our**" used herein refer to the Tilray Reporting Group), we are committed to acting ethically and with integrity across our entire business dealings and relationships, and to promote compliance with applicable laws and protect the dignity and rights of all people connected to our business. We strive to work more closely with our suppliers to ensure their workforce, and the workforce of their supply chains are treated with respect and dignity. At the heart of our mission lies a commitment to fostering inclusive workplaces and sourcing products responsibly.

1.2 This is our first report ("**Report**") pursuant to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (S.C. 2023, c. 9) (the "**Act**"), and it will be reviewed annually hereafter. We acknowledge that stamping out forced labour and child labour risk in the production of goods in our business is a process that will take time. Our Report outlines the measures we have in place and the efforts we have commenced to assess and address risks of forced labour and child labour across our business and supply chain.

[1] "REPORTING ENTITY" MEANS A CORPORATION OR A TRUST, PARTNERSHIP OR OTHER UNINCORPORATED ORGANIZATION THAT (A) IS LISTED ON A STOCK EXCHANGE IN CANADA; OR (B) HAS A PLACE OF BUSINESS IN CANADA, DOES BUSINESS IN CANADA OR HAS ASSETS IN CANADA (WITHIN THE MEANING OF THE ACT) AND IN RESPECT OF WHICH, BASED ON ITS CONSOLIDATED FINANCIAL STATEMENTS, AT LEAST TWO OF THE FOLLOWING APPLY IN AT LEAST ONE OF ITS TWO MOST RECENT FINANCIAL YEARS: (I) IT HAS AT LEAST \$20 MILLION IN ASSETS, (II) IT HAS GENERATED AT LEAST \$40 MILLION IN REVENUE AND (III) IT EMPLOYS AN AVERAGE OF AT LEAST 250 EMPLOYEES.



2: OUR ORGANISATIONAL STRUCTURE, BUSINESS OPERATIONS AND SUPPLY CHAINS

2.1 Tilray Brands (Nasdaq: TLRY; TSX: TLRY) is a leading global cannabis-lifestyle and consumer packaged goods company with operations in Canada, the United States, Europe, Australia and Latin America. Tilray Brands' business consists of four reporting segments: medical cannabis, adult-use cannabis, beverage alcohol and wellness. Tilray Brands' pursues its business operations across these reporting segments through a number of direct and indirect operating subsidiaries, with Tilray Brands functioning as the publicly listed ultimate parent company. In this report, we refer to the full organization structure of Tilray Brands and all of its direct and indirect subsidiaries as the **"Tilray Group"**.

2.2 The Tilray Reporting Group comprises Tilray Brands, its Reporting Entities and their respective direct and indirect subsidiaries. The Tilray Reporting Group is a smaller subset of the larger Tilray Group.

2.3 Each of the Reporting Entities is a licensed producer of cannabis in Canada, with the exception of Manitoba Harvest (which is a consumer-packaged goods company involved in food production) and Tilray Brands (which is the ultimate parent of the Tilray Group).

2.4 The goods used in the manufacture of our products, including the ingredients and packaging, are sourced from manufactures located in Canada, United States, Israel, China, India, Malaysia, Indonesia, the Netherlands, Germany, the United Kingdom, Switzerland and France. Our supply chain also includes ancillary services that contribute to our main production operations, such as transporters and carriers.

2.5 To learn more about our business and that of the broader Tilray Group, please see <https://www.tilray.com/>

3: OUR SUPPLY CHAIN RISK PROFILE

3.1 Within our own operations, we have assessed an overall low risk profile based on sector and industry. All of our workers are employed in Canada and the United States, where we follow all local employment laws and regulations and maintain fair and responsible employment practices to protect and promote workers' rights.

3.2 That said, we recognise that risks of forced labour and child labour may be present in our supply chain in areas such as packaging supplied from China. We are also aware that some of our ingredients are sourced from regions where unskilled labour is used. Since a majority of such workers are not employed directly by us, we have less control and visibility over their working conditions and employment terms; we will continue to tailor our risk management actions to address those risks.

Namely, this Report covers our efforts in our most recently completed financial year ended May 31, 2023 (the “**Reporting Period**”), to classify supplier risks, map key parts of our supply chain and improve our understanding of forced labour and child labour risks.

3.3 Except as otherwise specified, the details in this Report of the supply chain and supply chain practices are the same for all Reporting Entities.

3.4 As a general practice, we source the ingredients, packaging, tools, manufacturing equipment and office supplies we use in our business from vendors located in United States and Canada. Accordingly, we generally assess a low risk of forced labour or child labour in our supply chains, as our suppliers are, to our knowledge, reputable and compliant with applicable laws. Any risks of forced labour or child labour in our supply chain are most likely to arise further upstream, in the operations and supply chains of the direct and indirect suppliers of our direct suppliers, and we rely on the integrity of our direct suppliers to mitigate any risks. In a majority of cases, we believe the risk of there being instances of forced labour or child labour further upstream in our supply chains is remote based on the nature of the materials and inputs we source from our direct suppliers.

3.5 That being said, following a review of our supply chains undertaken in response to the Act coming into force, we have identified the following instances where there could be some risk of forced labour or child labour further upstream in our supply chains based on the nature of the materials and inputs we source:

Materials and Inputs	Examples	Potential Risks
Product Packaging	Vape Hardware and batteries, Plastic jars, and pre-roll cones	Goods are purchased from suppliers within North America but with a product certificate of origin (“COO”) from a geographical region identified as susceptible to forced labour. Specifically, certain vape hardware and batteries that originates from Shenzhen China, certain plastic jars that originates from Jiangsu China, and certain pre-roll cones that originates from Indonesia.
Product Ingredients	Raw Ingredients: Edibles, Topicals, Beverages	Goods are purchased from suppliers within North America but with a product COO from a geographical region identified as susceptible to forced labour. Specifically, MCT oil, coconut oil, and coconut sugar that originates from Indonesia, glycerine that originates from Malaysia, and citric acid that originates from Shandong China.
Tools and Personal Protective Equipment	Gloves, Hair Nets, Beard nets, Lab Coats	Goods are purchased from suppliers within North America but with a product COO from China, which is noted as a geographical flag region susceptible to forced labour.

4: ACTIONS TAKEN TO COMBAT FORCED LABOUR AND CHILD LABOUR RISKS

4.1 Building on the policies and procedures we currently have in place, we are in the process of developing and implementing strategies to:

- (a) assess and better understand areas of potential risk in our business and supply chain;
- (b) monitor potential risk areas in our business and supply chain; and
- (c) reduce or mitigate the risk of forced labour and child labour occurring in our business and supply chain.

4.2 This Report focuses on efforts we undertook in the Reporting Period, which ended before the Act came into force. Since the end of the Reporting Period, we have commenced a number of efforts to assess, monitor and eliminate or mitigate the risk of forced labour and child labour in our supply chains; with the aim to design and implement appropriate policies and practices.

4.3 Specifically, we are in the process of evaluating future actions that can be taken to combat forced labour and child labour risks in our business and supply chains, including, but not limited to:

- (a) to the extent we do not do so already, establishing contractual obligations reinforcing our values and our suppliers' commitment to comply with any applicable legislation governing forced labour and child labour;
- (b) developing a policy specifically detailing our stance against forced labour and child labour and our commitment to mitigate and eliminate the risk of any forced labour or child labour at any step in the production of our goods, including the steps we intend to take to accomplish this;
- (c) training employees to raise awareness of this issue within the organisation, and conduct training on any further policy developments; and
- (d) designing and implementing effective tracking and assessment tools and measures to ensure effective compliance with the policies and practices we establish to combat forced labour and child labour in our business and supply chains.

5: OUR SUPPLY CHAIN RISK PROFILE

5.1 Our Code of Conduct reflects our commitment to act ethically and with integrity in all our business relationships and is intended to prevent issues of bribery and corruption from taking place in our business and the businesses of those with whom we contract. A copy of our Code of Business Conduct and Ethics can be found on our website at: [Code of Business Conduct and Ethics](#).



5.2 Our standard supplier contract requires our suppliers to attest that their previous and current business conduct complies with all applicable anti-corruption and anti-bribery regulations, including but not limited to the Corruption of Foreign Public Officials Act (Canada), the Criminal Code (Canada) and the Foreign Corrupt Practices Act of 1977 (United States). While these commitments do not directly combat the risks of child labour and forced labour, corruption and bribery are often associated with such issues. Eliminating corruption and bribery from our suppliers may have an indirect impact on the eradication of modern slavery and human trafficking across our supply chain.

5.3 As noted above, we are in the process of developing a policy specifically to address and mitigate or eliminate the risks of forced labour and child labour in our business and supply chains. We expect to have more to say in this regard in our next annual report pursuant to the Act.

6: DUE DILIGENCE PROCESSES

6.1 In the Reporting Period, we had limited due diligence processes to specifically identify and manage the risks of forced labour and child labour in our supply chains. However, as part of our initiative to identify these risks, we are currently in the process of completing a supplier risk-mapping assessment, starting with our largest suppliers.

6.2 The initial aim of our risk-mapping will be to identify any high-risk suppliers and consider and implement appropriate measures and course-correcting actions as may be warranted in the circumstances. To enable this, suppliers will be asked to complete a supplier due diligence questionnaire. As we receive responses, we will assess and implement follow-up actions, which may include requiring the supplier to undertake additional verifications and audits. If we are not satisfied with the results of our due diligence procedures, we reserve the right to suspend or terminate our relationship with subject suppliers.

7: SUPPLIER ADHERENCE TO OUR VALUES

7.1 We seek to do business with suppliers that have similar values, ethics and moral business practices as our own, including those related to human rights. We will not tolerate any form of forced labour or child labour within our supply chains.

7.2 We are in the process of implementing contractual provisions with all suppliers across all Reporting Entities by which our suppliers agree and confirm their adherence to ethical trade labour practices, including, without limitation, refraining from use of any forced labour or child labour. We intend to incorporate such confirmations in contractual provisions with new suppliers going forward.

Furthermore, we intend to incorporate updates to the contractual provisions to the standards described herein as these contracts come up for renewal. Certain of our existing suppliers already provide similar confirmations under contract, and we intend to update the language of these contractual confirmations to explicitly align with the standards described herein.

7.3 Many of our existing suppliers and contractors provide confirmation that they share our values, conform to our Code of Business Conduct and Ethics and will not trade with those that fail to comply. As we move forward, we intend to obtain such confirmations from new suppliers we bring on as well as from our existing suppliers that have not already provided such confirmations.

8: TRAINING

8.1 Tilray invests in educating our staff on the importance of our Code of Business Conduct and Ethics, and its practical application to employees in the workplace. Our Code of Business Conduct and Ethics training covers anti-corruption, anti-money laundering and adherence to applicable laws. While these concepts do not directly combat child labour or forced labour, training employees on these matters indirectly undermines the success of persons and corporations engaged in forced labour and child labour practices.



8.2 As noted earlier, we are evaluating the preparation and implementation of a policy specifically detailing our stance against forced labour and child labour and our commitment to mitigate and eliminate the risk of any forced labour or child labour at any step in the production of our goods. We are also evaluating a supplement to our ongoing training programs to detail our stance and ensure our employees are aware and capable of detecting and reporting forced labour and child labour risks.

9: REMEDIATION MEASURES

9.1 To date, we have not identified any instances of forced labour or child labour in our business and supply chains, therefore, we have not been required to take remedial measures.

10: REMEDIATION MEASURES RELATING TO LOSS OF INCOME TO VULNERABLE PERSONS

10.1 We recognise that instances of forced labour and child labour often impact the human rights of particularly vulnerable groups, such as migrant labourers, unskilled labourers, indigenous people, women or children. To date, we have not discovered instances of forced labour and child labour in our business and supply chain, therefore, we have not been required to take measures to remediate the would-be loss of income to vulnerable families.

11: EFFECTIVENESS IN COMBATTING FORCED LABOUR AND CHILD LABOUR RISKS

11.1 In the Reporting Period, we did not take any specific actions to assess the effectiveness of our actions in preventing and reducing risks of forced labour and child labour in our activities and supply chains.

11.2 Going forward, we will assess the effectiveness of our actions by establishing and measuring key performance indicators (“KPIs”). Contemplated KPIs include, the number of staff trained on the ongoing issues with modern slavery and human trafficking, the number of suppliers and contractors screened, the number of reported breaches, and the instances of remedial actions being taken.

12: APPROVAL OF THE STATEMENT

12.1 Tilray Brands has acted in consultation with the other Reporting Entities in the Tilray Reporting Group in preparing this Report.

12.2 This Report is made in accordance with Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act and constitutes the Tilray Reporting Group’s joint annual report for the financial year commencing on June 1, 2022, and ending on May 31, 2023.

12.3 This Report was approved by the Board of Directors of Tilray Brands on behalf of Tilray Brands, Aphria, Aphria Diamond, Broken Coast, High Park, HEXO, Redecan and Manitoba Harvest pursuant to Paragraph 11(4)(b)(i) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act on [April 4, 2024].

12.4 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 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.

DocuSigned by:
Carl Merton
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Full Name: Carl Merton
Title: CFO, Tilray Brands Inc.
Date: May 15, 2024

I have the authority to bind Tilray Brands Inc., Aphria Inc., Aphria Diamond Inc., Broken Coast Cannabis Limited, High Park Holdings Limited, HEXO Operations Inc., 9037136 Canada Inc. and Fresh Hemp Foods Ltd.

