



**AUXLY CANNABIS GROUP INC.**

**2024 REPORT UNDER THE FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY  
CHAINS ACT (CANADA)**

May 14, 2025



## Introduction

This report has been prepared by Auxly Cannabis Group Inc. (“**Auxly**”) in response to the reporting requirements under Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) for our financial year ending December 31, 2024.

Corporate integrity, responsible product sourcing, and the safety and well-being of workers across the supply chain are of paramount importance to Auxly. Auxly is committed to compliance with the Act.

## Organizational Structure, Activities, and Supply Chain

Auxly is a consumer-packaged goods company in the Canadian cannabis products market, with our head office in Toronto, Ontario. Auxly is publicly traded on the Toronto Stock Exchange under the trading symbol “XLY”. Auxly’s shares also trade on the OTC Market’s OTCQB under the symbol “CBWTF” and on the Frankfurt Stock Exchange under the symbol “3KF”. As of December 31, 2024, Auxly employed approximately 391 employees.

Auxly is the parent company of three operating subsidiaries: Auxly Inc. (formerly Auxly Ottawa Inc.), Auxly Charlottetown Inc., and Auxly Leamington Inc. Auxly Leamington Inc. is our cannabis cultivation site, whereas Auxly Charlottetown Inc. and Auxly Inc. are processors and sellers of cannabis products in Canada. In 2024, Auxly sold cannabis products to Canadian consumers through distributors, wholesalers, and retailers in all provinces in Canada.

The vast majority of Auxly’s cannabis input materials come from Auxly Leamington Inc., while any other required cannabis input materials (e.g., cannabis distillate, isolate) come from other Canadian producers licensed under the [Cannabis Act](#). Auxly’s numerous non-cannabis input materials, such as product ingredients, hardware, and packaging, are both domestically and internationally sourced.

## Policies and due diligence processes

Auxly has robust policies and procedures in place to mitigate the risk of engaging in child labour or forced labour within our operations. Regarding child labour, we do not employ individuals under the age of 19 and have procedures in place to verify age at the time of employment.

To address the risk of forced labour in our operations, we have adopted measures aligned with the checkpoints identified by the International Labour Organization in its [Checkpoints for Companies – Eliminating and Preventing Forced Labour](#) guidance. These include, for example:

- mandatory review and sign-off on Auxly’s Code of Conduct, which outlines our fundamental values and standards of behaviour;



- annual training and acknowledgment of Auxly’s Violence and Harassment Policy, available in multiple languages;
- ethics reporting training and access to a hotline for whistleblower protection;
- contractual assurance of each employee’s right to freedom of employment and voluntary termination; and
- pay equity for foreign and domestic workers, supported by a pay band system that classifies positions based on responsibilities and accountability.

In our supply chain, Auxly has established strong due diligence procedures for assessing and onboarding suppliers. In 2024, we introduced the following additional measures to prevent and reduce the risk of forced and child labour in our supply chain:

- all existing suppliers were required to review and sign an attestation of compliance with the Act;
- the supplier onboarding process was updated to require new suppliers to sign an attestation of compliance with the Act; and
- an educational resource on child and forced labour was developed by Auxly and is now provided to all new suppliers during onboarding.

## **Forced labour and child labour risk**

Auxly considers there to be limited risk of forced labour or child labour occurring in our operations and facilities, which are all located in Canada. Auxly outsources select manufacturing activities to third parties within Canada only, all of which are Canadian producers licensed under the *Cannabis Act*. According to the [Global Slavery Index](#), Canada has the lowest prevalence of modern slavery in the Americas and ranks among the top 10% of nations with the least prevalence of modern slavery in the world.

Auxly recognizes that forced labour and child labour risks could exist in our supply chains for tangible goods produced by direct suppliers or subsequent suppliers down the supply chain, particularly those producing in or sourcing from higher-risk geographies and sectors. In identifying such risks, Auxly recognizes the importance of international resources, such as the [Global Slavery Index](#), the UK Home Office’s [Transparency in Supply Chains etc. A practical guide](#), and the US Department of Labor’s [List of Goods Produced by Child Labor or Forced Labor](#). The risk-mitigation steps we incorporated into our supplier onboarding process in 2024 are intended to reduce identified risks.

## **Remediation measures and remediation of loss of income**

To date, Auxly has not identified any specific instances of forced labour or child labour. Accordingly, no remediation measures have been taken to remediate forced labour or child labour, or to remediate the loss of income to the most vulnerable families that results from measures taken to eliminate the risk of forced or child labour.



## **Employee training**

In 2024, Auxly's procurement team received training on the updated supplier onboarding process and was provided with educational materials focused on reducing the risk of child and forced labour. Auxly will continue to consider expanding formal training to additional departments, such as legal, human resources, and operations, to build broader awareness and capacity for identifying and responding to risks.

## **Assessing effectiveness**

In 2024, Auxly focused on implementing changes to the supplier onboarding process aimed at reducing the risk of forced labour and child labour in supply chains. In 2025, Auxly intends to evaluate these changes to understand their impact. The findings will inform future refinements to our policies and procedures.

## **Approval and attestation**

In my capacity as Chief Executive Officer of Auxly Cannabis Group Inc. and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for Auxly Cannabis Group Inc. 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.

I have the authority to bind Auxly Cannabis Group Inc.

By Order of the Board of Directors of Auxly Cannabis Group Inc.

A handwritten signature in blue ink, appearing to be "Hugo Alves", written over a horizontal line.

Hugo Alves  
Chief Executive Officer, Director, Board Member  
May 14, 2025