

GLASS HOUSE BRANDS INC.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

Introduction

Glass House Brands Inc. (the "**Corporation**") is committed to ensuring that the Corporation, its subsidiaries and all those with whom it does business conduct business in compliance with all applicable laws, rules and regulations, with honesty and integrity, and with the highest ethical standards. The purpose of this Anti-Bribery and Anti-Corruption Policy (this "**Policy**") is to further support the Corporation's compliance with laws. Bribery and corruption are of particular concern as they involve the misuse of a position of trust or public authority for private gain. It goes without saying that no employee, officer or director of the Corporation should engage in or permit any form of bribery or corruption. Violations of anti-bribery and anti-corruption laws can result in severe fines for the Corporation and individuals including imprisonment. The adverse reputational harm, necessary remedial actions and increased oversight costs resulting from a violation can be significant and far-reaching. In order to comply with our legal and ethical obligations, it is important that individuals representing the Corporation understand what constitutes bribery and other forms of corruption and take appropriate measures to prevent anyone from engaging in such conduct. This Policy is intended to support the fulfilment of those obligations.

Application of this Policy

This Policy applies to each director, officer and employee of the Corporation (collectively referred to as "**Representatives**"), and for each Representative constitutes conditions of employment and/or office. This Policy also applies to all agents of the Corporation and third party service providers ("**Agents**"), including (without limitation) consultants, suppliers, brokers and contractors of the Corporation

Compliance Requirements

Representatives and Agents shall comply with applicable domestic and foreign anti-bribery and corruption laws and regulations in force in Canada, the United States and elsewhere, including but not limited to (the "**Applicable Anti-Corruption Laws**"): i) the Canadian *Corruption of Foreign Public Officials Act*; ii) the Canadian *Criminal Code*; iii) the U.S. *Foreign Corrupt Practices Act*; iv) similar laws and regulations in other jurisdictions in which the Corporation does business, including those that have adopted the Organization for Economic Cooperation and Development Anti-Bribery Convention and the United Nations Convention Against Corruption. As well, Representatives and Agents shall comply fully with any related procedures, protocols and promulgated interpretations introduced by the Corporation to assist in its compliance efforts.

Under the Applicable Anti-Corruption Laws and this Policy, Representatives and Agents are prohibited from directly or indirectly:

- Giving, offering, promising, authorizing, or agreeing to give or offer;
- A loan, reward, advantage or benefit of any kind;

- To a public official
- For the purpose of
- Obtaining or retaining any business or advantage for the Corporation.

The Applicable Anti-Corruption Laws also prohibit accounting activities undertaken for the purposes of bribing public officials or hiding such bribery.

Although there are some differences in wording in the Applicable Anti-Corruption Laws, they address the same type of conduct. The language of the Applicable Anti-Corruption Laws is interpreted broadly, and therefore may apply to a wide range of situations.

Prohibition on Bribery

Representatives are prohibited from, directly or indirectly, giving, promising, offering, or authorizing payment of a loan, reward, commission, advantage or benefit to a public official¹ in order to obtain an advantage or benefit of any kind or as consideration for an act or omission of the public official.

Representatives are also prohibited from giving or offering anything of value that might induce someone in the private sector to breach their duty of honesty and good faith on behalf of the organization they are employed by or otherwise represent.

Prohibited payments include, but are not limited to, those designed to:

- induce the recipient to award, or influence the award of, a contract to the Corporation;
- induce the recipient to change, or influence a change in, the terms of a contract in a manner that is more favourable to the Corporation;
- obtain advantageous tax or customs treatment that would not otherwise be available to the Corporation; or
- circumvent or cause non-enforcement of laws or regulations applicable to the Corporation or any Representative.

The prohibition against bribery applies to the giving of anything of value, not only money. This includes providing business opportunities, favorable contracts, gifts, entertainment, the use of property, and the hiring of friends or relatives. Such payments are barred even if:

- the benefit is for someone other than the recipient;

¹ A "Public Official" may include (without limitation) any: a) elected officials and their staff; b) employees of government departments and agencies; c) persons who perform public duties or functions for a state, including members of the judiciary, public boards, commissions, tribunals, the military and law enforcement; d) employees of State-Owned Enterprises; e) candidates for political office, as well as their staff and volunteers; f) employees and volunteers of political parties; g) employees and volunteers of public international organizations (e.g., the United Nations and World Bank); and h) contractors of any of the foregoing while acting in their capacity as such.

- the business sought is not directly with the recipient's organization;
- the payment does not in fact influence the recipient's conduct; or
- the recipient initially suggested the payment.

Facilitation Payments

Facilitation payments are small payments made to public officials to expedite or facilitate routine acts, such as obtaining an ordinary license or business permit, processing government papers such as visas or customs documents, or providing police protection. Facilitation payments are prohibited.

Gifts, Meals and Entertainment

Representatives and Agents should never accept or offer gifts or entertainment when doing so may influence improperly or even appear to influence improperly the Corporation's or the recipient's business decisions. It is not always easy to identify whether the provision of gifts, meals, entertainment or other hospitality risks a violation of applicable anti-bribery and anti-corruption laws. Under certain circumstances, it may be permissible to provide gifts, a meal or other entertainment as a social custom.

Generally, reasonable gifts, meals and entertainment are permissible if:

- There is no expectation that the gift, meal or entertainment is given in exchange for any return favour or business advantage from the recipient or the organization she or he represents;
- The gift, meal or entertainment is infrequent, reasonable and proportionate in amount under the circumstances; and
- Where public officials are involved, the Corporation's General Counsel is consulted regarding the acceptability of the offering under applicable laws and provides advance approval of the proposed offering.

If you are unsure whether particular gifts, meals or entertainment may constitute bribery or corruption, you should seek advice from the General Counsel.

Books and Records

The Corporation is committed to making and keeping books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Corporation's assets in accordance with United States Generally Accepted Accounting Principles ("**US GAAP**") (or, if applicable at any point, International Financial Reporting Standards ("**IFRS**")). In addition, the Corporation is committed to maintain a system of internal accounting controls in accordance with US GAAP (or IFRS, if applicable) sufficient to provide reasonable assurances that:

- Transactions are executed in accordance with management's general or specific authorization;

- Transactions are recorded in such a way as to allow preparation of a report that is in conformity with US GAAP (or IFRS, if applicable) or any other criteria applicable to such statements and to maintain accountability for assets;
- Access to assets is permitted only in accordance with management's general or specific authorization; and
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Anti-Corruption Legislation provides for penalties for failure to keep accurate books and records. All Representatives and Agents need to assist, and cannot impede, the Corporation in fulfilling its book-keeping obligations. In this regard, all Representatives must provide any information and documentation requested by the Corporation of the nature described above, in a timely and cooperative manner.

Use of Agents

Prior to engaging an Agent, Representatives must conduct due diligence on the Agent in order to be assured that the Agent will conduct the business of the Corporation in an ethical and lawful manner. Generally, these steps will include documenting in writing the Agent's principals and business activities and completing background checks on the Agent and its principals using a commercial service which enables searches against international watch lists and media databases. Representatives should engage with only appropriately qualified and reputable individuals or firms.

Engagements with Agents must be documented in a written contract and should include:

- Representations and covenants regarding the Agent's compliance with this Policy and anti-bribery and anti-corruption laws;
- Record-keeping requirements and audit rights in favour of the Corporation;
- Confirmation that the Agent has read, understands and will comply with this Policy; and
- A requirement that the Agent must be in compliance with the contract as a condition to any payment thereunder.

Representatives must engage in ongoing monitoring of the Agent for anti-corruption compliance throughout the term of the Agent's engagement.

Representatives must ensure that compensation of Agents is reasonable and proportionate in light of the services being provided. Approvals must be obtained for all activities and transactions conducted by the Agent on behalf of the Corporation. A detailed accounting must be maintained of services performed by the Agent on behalf of the Corporation and payments made to the Agent by the Corporation.

Canadian Lobbying Activities

Canada has federal lobbying legislation, as do most provinces and territories and some Canadian municipalities. Lobbying is generally a permissible activity, but lobbying laws require

registration and public filings of reportable lobbying activities that have occurred on behalf of the Corporation. Representatives should comply with applicable lobbying legislation and report to the Corporation's General Counsel any lobbying activities that they or their reports of Agents participate in on behalf of the Corporation or as a member of an association in which the Representative or Agent represents the Corporation.

A Representative or Agent may be lobbying on behalf of the Corporation if the Representative or Agent is communicating with a "public office holder". The term "public office holder" is often very broadly defined in lobbying legislation and includes elected officials and their staff, public servants, government agencies, government appointees and political or government staff.

Although the definition of lobbying varies from jurisdiction to jurisdiction, it generally captures the following:

- Communications with any public office holders with respect to:
 - the making, amending or repealing of any current or proposed law, regulation, policy, program or financial benefit; or
 - the awarding, amendment or termination of any contract, grant, contribution or financial benefit by or on behalf of the government or government entity.
- Active participation by the Corporation in any industry association initiative with respect to making, amending or repealing any current or proposed law, regulation, policy, program or financial benefit.
- Engagement by the Corporation of any external advisor where that advisor indicates to the Corporation that they will be making a lobbying filing in respect of the activity for which they have been engaged.

There are certain exemptions to the definition of lobbying that vary from jurisdiction to jurisdiction. Depending upon the jurisdiction, the following types of communications often do not constitute lobbying and do not need to be reported:

- Request for information from a public office holder.
- Response to a written request for information from a public office holder.
- Provision of general information about the Corporation's business activities.
- Communication about the interpretation or enforcement of law.
- Communication about implementation or administration of a policy or program.
- Public hearings.

If you have any doubt as to whether your communication with a public office holder constitutes lobbying, you should contact the Corporation's General Counsel.

Reporting and Internal Investigation

All Representatives and Agents have an obligation to report potential violations of this Policy of which they become aware. If a Representative knows, suspects or has reasonable grounds to suspect that an Representative or Agent has been engaged in any violation of this Policy or improper conduct such as bribery – or suspects that a transaction might involve bribery or corruption – the Representative must report any such information to his or her direct supervisor, the designated ethics officer or legal department. If confidentiality is preferred, the Representative may submit reports pursuant to the Corporation's Whistleblower Policy. An Agent shall make such reports to the Representative to whom the Agent reports.

In accordance with the Corporation's Whistleblower Policy, no Representative who, in good faith, reports a violation of this Policy shall suffer harassment, retaliation or adverse employment consequence.

Communication of this Policy

Copies of this Policy are made available to all persons bound by it, either directly or by posting of the Policy on the Corporation's website. All persons or entities bound by this Policy shall be informed whenever significant changes are made. New Representatives shall be provided with a copy of this Policy.

Education and Monitoring

Representatives and Agents must attend training reasonably designed to inform them of this Policy, assist them in understanding how this Policy would apply to situations relevant to them and how to deal with situations in which conduct prohibited by this Policy may be solicited or encountered as requested by the Corporation from time to time.

Where a Representative has questions regarding this Policy or requires assistance in complying with this Policy, they shall seek guidance from their direct supervisor, the designated ethics officer or General Counsel. In the case of an Agent, questions shall be directed to the Representative to whom the Agent reports. In addition to the above, the Corporation's General Counsel is available to give advice on compliance with the principles and procedures outlined in this Policy.

Discipline Under this Policy

Failure to comply with this Policy may result in severe consequences, which could include internal disciplinary action or termination of employment or consulting arrangements without notice. The violation of this Policy may also violate certain Canadian, United States and/or other laws and if it appears that an Representative may have violated such laws, then the Corporation may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment. Further, the Corporation reserves its right to seek damages from any party who, in acting contrary to the Policy, causes harm to the Corporation and its business interests.

Review of this Policy

The Compensation, Nomination and Corporate Governance Committee shall review and evaluate this Policy and procedures implemented thereunder from time to time and generally on an annual basis.

Effective Date: June 29, 2021