

GLASS HOUSE BRANDS INC.

INSIDER TRADING POLICY

1. Introduction

Glass House Brands Inc. (the “**Corporation**”) encourages all employees, officers and directors to become shareholders of the Corporation on a long-term investment basis. These individuals will from time to time become aware of corporate developments or plans or other information that may affect the value of the Corporation’s securities before these developments, plans or information are made public. Trading securities of the Corporation while in possession of such information before it is generally disclosed (known as “**insider trading**”), disclosing such information to third parties before it is generally disclosed (known as “**tipping**”), or recommending or encouraging another person to enter into a transaction involving a security of the Corporation or a related financial instrument of a security of the Corporation while in possession of such information (known as “**recommending**”) is against the law and may expose an individual to criminal prosecution or civil lawsuits. Such action will also result in a lack of confidence in the market for the Corporation’s securities, harming both the Corporation and its shareholders. Accordingly, the Corporation has established this Policy to assist its employees, consultants, officers and directors in complying with the prohibitions against insider trading and tipping.

The procedures and restrictions set forth in this Policy are only a general framework to assist Corporation Personnel, as defined below, in ensuring that any purchase or sale of securities occurs without actual or perceived violation of applicable securities laws. Corporation Personnel have the ultimate responsibility for complying with applicable securities laws and should obtain additional guidance, including independent legal advice, as may be appropriate for their own circumstances.

The Corporation’s Board of Directors will designate one or more individuals from time to time as Insider Trading Policy Administrators for the purpose of administering this Policy. At the date hereof, the designated Insider Trading Policy Administrators are the Chairman and Chief Executive Officer and the General Counsel and Corporate Secretary of the Corporation as set out in Schedule “D”. This Policy has been reviewed and approved by the Corporation’s Board of Directors and may be reviewed and updated periodically by the Compensation and Corporate Governance Committee. Any amendments to this Policy shall be subject to approval by the Corporation’s Board of Directors.

2. Application

2.1 ***Persons that are Subject to this Policy***

The following persons are required to observe and comply with this Policy:

- (a) all directors, managers, officers and employees of the Corporation or its subsidiaries;
- (b) any other person retained by or engaged in business of professional activity with or on behalf of the Corporation or any of its subsidiaries (such as a consultant, independent contractor or adviser, including Mercer Park L.P. and its partners, directors, managers, officers and employees);

- (c) any family member, spouse or other person living in the household of the individuals referred to in Sections 2.1(a) and (b) above; and
- (d) partnerships, trusts, corporations, tax-advantaged plans and similar entities over which any of the above-mentioned individuals exercise control or direction.

For the purposes of this Policy, the persons listed above are collectively referred to as “**Corporation Personnel**”. Sections 2.1(c) and (d) should be carefully reviewed by Corporation Personnel; those sections have the effect of making various family members or holding companies or trusts of the persons referred to in Sections 2.1(a) and (b) subject to the Policy.

2.2 Trades that are Subject to this Policy

Under this Policy, all references to trading in securities of the Corporation include: (a) any sale or purchase of securities of the Corporation, including the exercise of stock options or restricted share units (“**RSUs**”) granted under the Corporation’s stock option or RSU plans (or that of any of the Corporation’s subsidiaries), if any, and the acquisition of shares or any other securities pursuant to any Corporation benefit plan or arrangement, and (b) any derivatives-based or other transaction or arrangement that would be required to be reported by insiders in accordance with applicable laws or regulations relating to derivatives or equity monetization transactions.

3. Inside Information

“**Inside Information**” means:

- a change in the business, operations or capital of the Corporation that would reasonably be expected to have a significant effect on the market price or value of the securities of the Corporation (which includes any decision to implement such a change by the Corporation’s Board of Directors or by senior management who believe that confirmation of the decision by the Corporation’s Board of Directors is probable);
- a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities of the Corporation; or
- any information which is not generally available to the public that a reasonable investor would be likely to consider important in deciding whether to buy, hold or sell securities of the Corporation,

in each case, which has not been generally disclosed. Examples of information that may constitute Inside Information are set out in Schedule “A” attached hereto. **It is the responsibility of any Corporation Personnel contemplating a trade in securities of the Corporation to determine prior to such trade whether he or she is aware of any information that constitutes Inside Information. If in doubt, the individual should consult with an Insider Trading Policy Administrator.** In addition, Section 6.1 of this Policy requires that certain Personnel pre-clear trades in securities of the Corporation.

4. Prohibition Against Trading on Inside Information

Corporation Personnel must not purchase, sell or otherwise trade securities of the Corporation with the knowledge of Inside Information until:

- (a) the second business day after the disclosure to the public of the Inside Information, whether by way of press release or a filing made with securities regulatory authorities that is accompanied by a press release announcing its filing; or
- (b) the Inside Information ceases to be material (e.g. a potential transaction that was the subject of the information is abandoned, and either Corporation Personnel are so advised by the Insider Trading Policy Administrators or such abandonment has been generally disclosed).

In addition, Corporation Personnel must not make any trades in securities of the Corporation during the black-out periods described in Section 6 of this Policy.

5. Prohibition Against Speculating, Short-Selling, Puts and Calls

Certain types of trades in securities of the Corporation by Corporation Personnel can raise particular concerns about potential breaches of applicable securities law or that the interests of the persons making the trade are not aligned with those of the Corporation. Corporation Personnel are therefore prohibited at any time from, directly or indirectly, undertaking any of the following activities:

- (a) speculating in securities of the Corporation, which may include buying with the intention of quickly reselling such securities, or selling securities of the Corporation with the intention of quickly buying such securities (other than in connection with the acquisition and sale of shares issued under the Corporation's or any of its subsidiaries' stock option or RSU plans or any other Corporation benefit plan or arrangement or the exercise of (but not the transactions related to) any exchangeable shares);
- (b) buying the Corporation's securities on margin;
- (c) short selling a security of the Corporation or any other arrangement that results in a gain only if the value of the Corporation's securities declines in the future;
- (d) selling a "call option" giving the holder an option to purchase securities of the Corporation; and
- (e) buying a "put option" giving the holder an option to sell securities of the Corporation.

6. Restrictions on Trading of Corporation Securities

6.1 *Trading Pre-Clearance*

To assist each of the Corporation Personnel specified below to avoid any trade in securities of the Corporation that may contravene or be perceived to contravene applicable securities laws,

these individuals are required to notify an Insider Trading Policy Administrator of any proposed trade of securities of the Corporation **before effecting the trade** in order to confirm that there is no Inside Information that has not been generally disclosed:

- (a) a director or manager;
- (b) the Chairman and Chief Executive Officer or Chief Operating Officer (either giving notice to the other);
- (c) an employee who reports directly to the Chairman and Chief Executive Officer or Chief Operating Officer;
- (d) an individual that is notified by the Insider Trading Policy Administrators that the individual's trades in securities of the Corporation will be subject to pre-clearance in accordance with this Policy;
- (e) a family member, spouse or other person living in the household of any of the foregoing individuals; and
- (f) any other "reporting insider" in respect of the Corporation as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*.

Such notification shall be made by filing a Trade Notice in the form of Schedule "B" to this Policy with an Insider Trading Policy Administrator no later than 12:00 noon (Los Angeles time) on the second business day before the date of the proposed transaction. Such filing must be made by delivering the notice to the Insider Trading Policy Administrators. Prior to the date of the proposed transaction, an Insider Trading Policy Administrator shall notify any individual that has filed a Trade Notice in accordance with this Policy whether the Corporation reasonably believes that there is Inside Information that has not been generally disclosed or otherwise anticipates that the proposed trade will contravene applicable securities laws or this Policy, and whether or not the proposed trade may be made. If an individual has filed a Trade Notice in accordance with the foregoing has not received a response from an Insider Trading Policy Administrator prior to the proposed date of the trade, the individual may proceed with such trade in accordance with applicable securities laws and this Policy.

6.2 Scheduled Black-out Periods

No person that is required to file a Trade Notice with the Insider Trading Policy Administrators shall trade in securities of the Corporation during the period commencing on the 25th day of the last month of each fiscal quarter and ending on the second business day following the date on which a press release has been issued in respect of the Corporation's interim or annual financial statements (otherwise known as a "**black-out period**"). The trading restrictions described above also apply to the exercise of stock options granted under the Corporation's stock option plan, if any, and any other securities that may be acquired pursuant to any Corporation benefit plan or arrangement.

6.3 Extraordinary Black-out Periods

Additional black-out periods may be prescribed from time to time by the Insider Trading Policy Administrators at any time at which it is determined there may be undisclosed Inside Information concerning the Corporation that makes it inappropriate for individuals required to file a Trade

Notice with the Insider Trading Policy Administrators to be trading. In such circumstances, the Insider Trading Policy Administrators will issue a notice instructing these individuals not to trade in securities of the Corporation until further notice. This notice will contain a reminder that the fact that there is a restriction on trading may itself constitute Inside Information or information that may lead to rumours and must be kept confidential.

6.4 Exemptions to Trading Prohibitions During Black-out

Individuals subject to a black-out period who wish to trade securities of the Corporation may apply to an Insider Trading Policy Administrator for approval to trade securities of the Corporation during the black-out period. Any such request should describe the nature of and reasons for the proposed trade. The Insider Trading Policy Administrator will consider such requests and inform the requisitioning individual whether or not the proposed trade may be made. The requisitioning individual may not make any such trade until he or she has received the specific approval from an Insider Trading Policy Administrator.

7. Exemptions to Trading Prohibitions for Automatic Purchase/Sale Plans

The trading prohibitions contained in Sections 4 and 6 do not apply to trades in securities of the Corporation made pursuant to a Sales Plan (as defined herein) established by the director, officer or employee at a time when the director, officer or employee is not prohibited from trading in securities of the Corporation under Sections 4 and 6. A “**Sales Plan**” means a sales plan or other arrangement that the Insider Trading Policy Administrators have approved in writing, in advance of the Sales Plan being instituted. Under the Sales Plan, the director, officer or employee irrevocably agrees with an investment dealer or broker to an automatic sale of securities of the Corporation on the market at some future date or dates subject to such parameters as may be set out in the Sales Plan. The director, officer or employee is responsible to ensure that the Sales Plan provides an exemption or safe harbour from the insider trading rules under applicable securities laws and to make all required filings in connection with the Sales Plan and trades in securities of the Corporation made under the Plan.

8. Prohibition Against Tipping

Corporation Personnel are prohibited from communicating Inside Information to any person outside the Corporation, unless: (a) disclosure is in the necessary course of the Corporation’s business provided that the person receiving such information first enters into a confidentiality covenant in favour of the Corporation (which should contain, among other things, an acknowledgement by the recipient of the requirements of applicable securities laws relating to such recipient trading securities with knowledge of a material fact or material change in respect of the Corporation that has not been generally disclosed and to such recipient disclosing information to another person or company such material fact or material change) and the disclosure is made pursuant to the proper performance by such Corporation Personnel of his or her duties on behalf of the Corporation; (b) disclosure is compelled by judicial process; or (c) disclosure is expressly authorized by the Disclosure Committee.

Subject to the above, Inside Information is to be kept strictly confidential by all Corporation Personnel until after it has been generally disclosed. Discussing Inside Information within the hearing of, or leaving it exposed to, any person who has no need to know is to be avoided at all times. Corporation Personnel with knowledge of Inside Information shall not recommend or encourage any other person or company to trade in the securities of the Corporation, regardless of whether the Inside Information is specifically communicated to such person or company.

If any Corporation Personnel has any doubt with respect to whether any information is Inside Information or whether disclosure of Inside Information is in the necessary course of business, the individual is required to contact an Insider Trading Policy Administrator.

9. Securities of Other Companies

In the course of the Corporation's business, Corporation Personnel may obtain information about another publicly traded company that has not been generally disclosed. Securities laws generally prohibit such Corporation Personnel from trading in securities of that other company while in possession of such information or communicating such information to another person. The restrictions set out in this Policy apply to all Corporation Personnel with respect to both trading in the securities of another company while in possession of such information and communicating such information.

10. Reporting Requirements

The directors, certain officers and certain other employees of the Corporation and its subsidiaries are "**Reporting Insiders**" under applicable securities laws. Reporting Insiders are required to file reports with Canadian provincial securities regulators, pursuant to the electronic filing system known as SEDI, of any direct or indirect beneficial ownership of, or control or direction over, securities of the Corporation and of any change in such ownership, control or direction. In addition, Reporting Insiders must also include in their reports any monetization, non-recourse loan or similar arrangement, trade or transaction that changes the Reporting Insider's economic exposure to or interest in securities of the Corporation and which may not necessarily involve a sale, whether or not required under applicable law.

It is the responsibility of each Insider (and not the Corporation) to comply with these reporting requirements, and Reporting Insiders are required to provide the Insider Trading Policy Administrators with a copy of any insider report completed by the Insider concurrent with or in advance of its filing. The Corporation will assist any Reporting Insider in the preparation and filing of insider reports upon request.

Some officers of the Corporation or its subsidiaries may be eligible to be exempted by applicable securities law from the requirements to file insider reports.

A person that is uncertain as to whether he or she is a Reporting Insider or whether he or she may be eligible to be exempted from these requirements should contact an Insider Trading Policy Administrator. Reporting Insiders who are exempted from these requirements remain subject to all of the other provisions of applicable securities law and this Policy.

11. Penalties and Civil Liability

Applicable Canadian securities laws that impose insider trading and tipping prohibitions also impose substantial penalties and civil liability for any breach of those prohibitions, including substantial criminal fines and prison sentences.

Where a company is found to have committed an offence, the directors, officers and supervisory Corporation Personnel of the company may be subject to the same or additional penalties. The Corporation will not indemnify any Corporation Personnel for any penalties or liabilities incurred by them for any breach of insider trading or tipping prohibitions.

12. Enforcement

All partners, directors, managers, officers, employees and consultants of the Corporation and its subsidiaries will be provided with a copy of this Policy and shall execute the certification set out in Schedule "C" regarding acknowledgement of and compliance with the procedures and restrictions set forth in this Policy. It is a condition of their appointment, employment or engagement that each of these persons at all times abide by the standards, requirements and procedures set out in this Policy unless a written authorization to proceed otherwise is received from an Insider Trading Policy Administrator. Any such person who violates this Policy may face disciplinary action up to and including termination of his or her employment or appointment with or engagement by the Corporation without notice. The violation of this Policy may also violate certain securities laws. If it appears that a director, officer, employee or consultant may have violated such securities laws, the Corporation may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

As this is a policy, the Corporation (acting through its Board) may in its sole discretion from time to time permit departures from the terms hereof, either prospectively or retrospectively, and no provision of this Policy is intended to give rise to civil liability to securityholders of the Corporation or other liability whatsoever, except as expressly provided herein.

* * * * *

Should you have any questions or wish information concerning the above, please contact an Insider Trading Policy Administrator.

Effective Date: June 29, 2021

SCHEDULE "A"

Common Examples of Inside Information

The following examples are not exhaustive.

- **Changes in Corporation Structure**
 - changes in share ownership that may affect control of the Corporation
 - major reorganizations, amalgamations, or mergers
 - take-over bids, issuer bids, or insider bids
- **Changes in Capital Structure**
 - the public or private sale of additional securities
 - planned repurchases or redemptions of securities
 - planned splits of common shares or offerings of warrants or rights to buy shares
 - any share consolidation, share exchange, or stock dividend
 - changes in the Corporation's dividend payments if any, or policies
 - the possible initiation of a proxy fight
 - material modifications to rights of security holders
- **Changes in Financial Results**
 - a significant increase or decrease in near-term earnings prospects
 - unexpected changes in the financial results for any periods
 - shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
 - changes in the value or composition of the Corporation's assets
 - any material change in the Corporation's accounting policy

SCHEDULE "B"

Trade Notice

TO: Insider Trading Policy Administrators
FROM: **[EMPLOYEE'S NAME]**
RE: Glass House Brands Inc. Insider Trading Policy
DATE:

I or a family member or other person living in my household propose to **[buy/sell]** securities of Glass House Brands Inc. (the "**Corporation**") in the amount of up to **[NUMBER OF SECURITIES]**.

In accordance with the Corporation's Insider Trading Policy (the "**Policy**"), I hereby certify that:

1. I have read and understand the Policy.
2. I do not have (and in the case of a trade by a family member or other person living in my household or a dependent child, such family member, other person or child does not have) knowledge of Inside Information (as defined in the Policy) which has not been generally disclosed.
3. I understand that I may buy and sell securities of the Corporation only during a period ("**Trading Window**") beginning at the opening of the market on the second business day following the date on which a press release has been issued in respect of the Corporation's interim or annual financial statements and ending at the opening of the market on the **[first day]** of the last month of each fiscal quarter.
4. Unless I am notified earlier by an Insider Trading Policy Administrator designated under the Policy that the trade may be completed earlier, the trade referred to in this Notice will not be completed until two business days after delivery of this Notice.
5. I understand that the Trading Window may be "closed" at any time at which it is determined there may be undisclosed Inside Information concerning the Corporation that makes it inappropriate for Corporation Personnel to be trading. I understand that the fact that the Trading Window has been "closed" is itself Inside Information that should not be disclosed to or discussed with anyone.

DATE: _____ **[Employee's Signature]**
[EMPLOYEE'S NAME]

TITLE: _____

SCHEDULE "C"

Certification – Insider Trading Policy of Glass House Brands Inc.

The undersigned hereby certifies that he/she has read and understands the Corporation's Insider Trading Policy, a copy of which is attached hereto, and agrees to comply with the procedures and restrictions set forth therein.

Date: _____

Signature: _____

Name: _____
(please print)

SCHEDULE "D"

Insider Trading Policy Administrators

Name	Title
Kyle Kazan	Chairman and Chief Executive Officer
Jamin Horn	General Counsel and Corporate Secretary