

Canada Supply Chain Act Report

Disclosure for Fiscal Year ending on Dec. 31, 2023 (FY23)

Objective

This Statement is made in compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act, S.C. 2023 (Canada).

Structure, Activities, Operations and Supply Chains

North American Reishi Ltd. DBA Nammex and its subsidiaries are private corporations that manufacture, import and distribute functional mushroom extract powders. Nammex is headquartered in Roberts Creek, BC. We have multiple 3rd party warehouses in the USA, and ship within the USA and Canada. We operate primarily through two segments, Wholesale and Retail.

Our Board of Directors is Jeff Chilton (President), Skye Chilton (CEO), and Adam Chilton (Head of Brand). Our executive team is composed of Legal, Finance, Operations, Brand and Human Resources. Across our corporate, QA and retail employee groups, we employ 36 full time and part time employees and contractors.

Nammex acts as the central entity in our supply chain overseeing the sourcing, manufacturing and sales of wholesale functional mushroom ingredients, and ensuring compliance to Good Manufacturing Practices (GMP) quality and regulatory standards of supplements and foods (GUI-0001 and 21 CFR 111/117). Nammex supplies bulk mushroom ingredients that are further processed into dietary supplements and food and beverage products.

We are members of several organizations that are actively working to support responsible and safe supply chains: the American Herbal Products Association (AHPA), United Natural Products Alliance (UNPA), and National Animal Supplements Council (NASC). We are also active contributors to the American Botanical Council (ABC). Additionally, all Nammex products are certified organic by QAI, and Kosher certified by KosherCheck.

Policies and Due Diligence Processes

At Nammex and its subsidiaries, we treat forced labour and child labour as zero tolerance issues. Business relations will be impacted if such issues are found and will lead to enforcement action, warning letters and, if there is an unwillingness to remediate in a timely manner, termination.

Nammex adopted a Code of Business Conduct that embodies the company's commitment to conduct its business and affairs with integrity and in accordance with high ethical and legal standards. It applies to all employees without exception, and all business partners, manufacturing partners, and service providers are held to the same standards. The Nammex human rights outlined in our Code of Business Conduct is our key corporate statement on human rights and demonstrates our commitment to the United Nations



Box 1780, Gibsons, British Columbia
Canada V0N 1V0

US Warehouse:
8858 Rochester Ave., Rancho Cucamonga, CA. 91730

T: 604.886.7799

info@nammex.com
www.nammex.com

Declaration of Human Rights. Our human rights commitment extends to all business activities and operations, including trade and non-trade procurement.

All Nammex bulk extract products are produced by our partners in China, with whom we have exclusive agreements and a 25 year relationship. Our partners organize and supervise local certified organic mushroom farms. Each mushroom extract product is manufactured to Nammex specifications and is tested for quality and safety before shipment to our North American warehouse. Once it arrives, it will be tested again to guarantee that it meets our standards before being released for sale. Any product that does not pass our quality control analyses will be reworked, returned or disposed of.

When considering a new manufacturing partner, Nammex has a rigorous Foreign Supplier Verification Program (FSVP) program that any potential new manufacturer must go through. We run our existing manufacturing partners through our FSVP program every 3 years. We require our manufacturers to provide quality certificates annually, and we conduct a 3rd party audit each November. Every year, the Nammex executive team visits the manufacturing facilities and farms in China. Our second most used manufacturing partner is Sedex Members Ethical Trade Audit (SMETA) certified, and our primary manufacturing partner will undergo an ethical audit in addition to the annual 3rd Party GMP audit in November 2024.

Nammex manufacturing partners use many small growers that own businesses and employ local people. All of the growers are certified organic and are growing mushrooms the way nature intended, on local raw materials with natural light and ambient temperatures. We believe strongly in Organic farming and have been certified organic since 1992. In 1997, Jeff Chilton brought OCIA to China and sponsored the First Organic Certification Workshop for Mushrooms in China.

Nammex supports and encourages sustainable practices at all stages of the supply chain. Our role of environmental stewardship recognizes our responsibilities to farmers, workers, our customers and the planet. We work closely with our manufacturing partners to verify traceability and ensure that sustainable growing and harvesting practices as well as processing standards are followed. We also believe that meeting required regulations through regular testing for purity of ingredients ensures customer safety.

Nammex follows these ten key principles:

1. Creating Opportunities for Economically Disadvantaged Producers
2. Transparency and Accountability
3. Fair Trading Practices
4. Payment of a Fair Price
5. Ensuring no Child Labor or Forced Labor
6. Commitment to Non-Discrimination, Gender Equity and Freedom of Association
7. Ensuring good Working Conditions
8. Capacity Building
9. Promoting Fair Trade
10. Respect for the Environment

We stand firmly behind our commitment to these principles.

Forced Labour and Child Labour Risks

Our supply chain is global and workers from China and North America are impacted by our business decisions. We have a process in place to monitor and identify any risks in our own activities and supply chains.

To date, we have measured our risk via regular farm and factory visits and 3rd party audits.

Remediation Measures

We have not identified any forced labour or child labour in our activities and supply chains, however, we recognize the importance of having measures in place to remediate if instances do occur. Our accountability policy outlines employee responsibilities in case any allegations of forced labour or child labour are witnessed or brought to our attention. If any forced labour or child labour is identified during a 3rd party audit, factory visit, or by a civil society organization, we would cease operations immediately until a formal investigation by our cross-functional teams could take place. If the manufacturing partner is unwilling to work collaboratively with us to remediate in a timely manner, the relationship may be terminated.

Remediation of Loss of Income

Since we have not identified any forced labour or child labour issues in our supply chain, we have not experienced any loss of income to vulnerable families resulting from measures taken to eliminate the use of modern slavery.

Training

All new and existing employees are given mandatory training to be familiar with Nammex procedures, including our Code of Business Conduct. Existing employees are expected to review the Code of Business Conduct annually.

Assessing Effectiveness

In FY23, we have not had any internal or external reports, or witnessed any forced labour or child labour issues in China or North America.



Box 1780, Gibsons, British Columbia
Canada V0N 1V0

US Warehouse:
8858 Rochester Ave., Rancho Cucamonga, CA. 91730

T: 604.886.7799
info@nammex.com
www.nammex.com

Attestation by Board of Directors

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 or 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.

Nammex is committed to combating forced and child labor in its supply chains.

This report will be made publicly available on the Nammex website.

Jeff Chilton, President
May 28th 2024

I have the authority to bind North American Reishi Ltd. DBA Nammex and its subsidiaries.