

The QCA Corporate Governance Code

1. Establish a strategy and business model which promote long-term value for shareholders

Sativa Group Wellness Group is a Wellness Group including Therapeutic CBD wellness, sanitiser ranges and a growing number of COVID testing clinics. We operate with in an evolving industry, leading the way in compliance of regulations as they develop and ensuring the quality of our products exceed the market in general to ensure that our stakeholders have absolute trust in us as a business. We aim to achieve this by:

- engaging with key regulators and trade bodies to develop best practice and ensure guidance is implemented.
- form leading partnerships with other manufacturers with expertise in their fields;
- continuing to invest in facilities and capabilities;
- recruiting, retain and develop the right people at all levels in our business; and
- acquiring companies to deliver growth and capability in line with our strategy.

During the COVID-19 pandemic the board focussed on growing strategies in the testing sector to compensate for the loss of business in the CBD sector

2. Seek to understand and meet shareholder needs and expectations

Sativa Wellness Group remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what investors and analysts think about us, and in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market via regular investor roadshows and our reporting activities.

The Directors actively seek to build a relationship with institutional and larger private shareholders as they are typically providers of longer-term capital. Shareholder relations are managed primarily by the Company's Chief Executive Officer with support from the Chief Financial Officer and our broker, as appropriate. The Chief Executive Officer and Chief Financial Officer make presentations to institutional shareholders and analysts regularly in relation to significant projects, fund raises and the release of the full year and half-year results. The Board, as a whole, is kept informed of the views and concerns of major shareholders by briefings from the Chief Executive Officer and the broker. Any significant investment reports from analysts are also circulated to the Board.

The Annual General Meeting ("AGM") is a forum for dialogue with all shareholders and the Board. The Notice of the Meeting is sent to shareholders at least 55 days beforehand. The chair of the Board, together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders. Shareholders are encouraged to submit questions in advance and the last two meetings were held electronically making the accessibility for shareholders easier. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of the issues that matter most to them and our business, and to enable the Board to understand and consider these issues in any decisions made. Alongside our shareholders, suppliers and customers, we recognise that our employees are one of our most important stakeholder groups. We have implemented a series of employee development and team building opportunities across the business, as well as holding regular communication meetings.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has ultimate responsibility for the Group's system of internal controls and for reviewing its effectiveness. However, any such system of internal controls can only provide reasonable, but not absolute,

assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

The Company has an established framework of internal financial controls, the effectiveness of which is reviewed by the Audit Committee, the Board and the Executive Management, including:

- the Board is responsible for reviewing and signing off the overall Company strategy, including approving revenue, profit and capital budgets and plans, and for determining the financial and reporting structure of the Company. There are well-understood and implemented processes for budgeting and forecasting;
- the Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, operational and financial controls. The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRSs);
- a detailed board pack is regularly provided to and discussed by the Board, which includes amongst other things: the financial statements of the Group (income statements, cash flows, capital expenditure and balance sheets) with monthly variances to forecast.
- Forecasts for the current financial year are regularly revised and presented to the Board, in light of actual performance to ensure that information is up to date and any risks in meeting year-end numbers can be identified and mitigated as soon as possible
- the Executive Directors and Senior Management Team undertake a number of reviews on a weekly, monthly and quarterly basis, including performance against KPIs and other business measures.

The principal elements of the Group's internal non-financial controls include:

- close management of the day-to-day activities of the Group by the Executive Directors and the Senior Management team;
- an organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks;
- the Company maintains a business risk register. Risks facing the business are continually re-assessed, and mitigating actions are considered and implemented when necessary to help protect the business a clearly documented and enforced approval process covering matters such as capital and operational expenditure, recruitment, tendering, and contract acceptance;
- the board has a governance and risk committee to review the high and increasing risks within the business and ensure adequate mitigating actions are being taken;
- detailed monthly reviews of major contract activities;
- central control over key areas such as material capital expenditure and banking facilities; and
- a Group Company Secretary to ensure legal risk is properly managed and legal rigour is enforced in all our business negotiations.
- Scientific Advisory Board to advise on scientific opportunities and impacts;
- A staff quality team to focus on continuous business improvement as well as compliance with relevant standards;
- Other advisors including Broker, Accountants, Lawyers, Registrars, PR and IT

The Group continues to review its system of internal controls to ensure compliance with best practice, while also having regard to its size and the resources available.

Standards and policies

- The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies. Key examples of such standards and policies include our 'Code of Conduct'. Our Code of Conduct includes guidance on matters including business integrity, anti-bribery, gifts, confidential information and corruption. This policy is made available to everyone in the Group. All policies are underpinned by our culture of "Doing the right thing for our customers, people and suppliers".

<p>Senior managers are responsible for the implementation of these procedures, and compliance is monitored.</p>
<p>5. Maintain the board as a well-functioning, balanced team led by chair</p>
<p>The Board comprises the Executive Chairman, two other Non-Executive Directors, three Executive Directors, one of whom is also the Company Secretary, who between them provide a broad range of skills and experience in their respective roles and joint overall responsibility. The Board considers, after careful review, that the Non-Executive Directors bring an independent judgement to bear.</p> <p>The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Chairman engages with the Directors outside of the board meetings on a one-to-one basis as and when required to discuss matters of the business. During 2020, as well as the standard 12 Board meetings that took place there were a number of additional meetings to carry out the requirements of the reverse takeover of Stillcanna by Sativa Group Plc. These meetings were as the board of Sativa Group Plc until the 24th September and then Sativa Wellness Group Inc after that date. During the period of time directors were on the board no board member missed more than two meetings.</p> <p>Directors' conflict of interest</p> <p>The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board. All Conflicts relating each board agenda are requested to be identified at the start of each meeting. A related party transactions register is also maintained.</p>
<p>6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p>
<p>The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of compliance with the CSE and AQSE Rules for Companies and other related legislation, finance, internal controls, risk assessment and management, innovation, international trading, business growth, M&A activity and people development. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed forecast, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting.</p> <p>The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments, which is set out in the Company's Articles of Association. Independent advice. All Directors are able to seek independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company retained advisors, and Chief Financial Officer/Corporate Secretary.</p>
<p>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>
<p>The board was refreshed in the first quarter of 2021 with new directors appointed to the board and most of the executive roles. Therefore, the review process for the existing board is still being established, however the Board recognises the need to put in place an annual formal evaluation process for the Board, its Committees and individual directors.</p>
<p>8. Promote a corporate culture that is based on ethical values and behaviours.</p>
<p>Sativa Wellness Group is committed to promoting a culture based on ethical values and behaviours across its business. The company has a code of ethics which all staff and directors read and sign up to which has an introduction from the chairman. We have policies in place covering key matters such as bribery, protection</p>

of intellectual property and sensitive information, diversity & anti-discrimination and whistleblowing. These underpin the strategies and objectives set by the company and are embedded within the organisation. A copy of the code of ethics [can be found here](#).

9. Maintain Governance structures and processes that are fit for purpose and support good decision-making by the board

The Board sets direction for and reviews the performance of the Company through a formal schedule of matters reserved for its decision and meets currently approximately 12 times each year in accordance with its scheduled meeting calendar. The number of meetings may reduce in the future, but will always be a minimum of four times a year. In addition to the Board meetings, meetings of the Audit, Compensation and Nomination, and Governance and Risk Committees are scheduled as required. The Board is supported by the board committees as well as the Scientific advisory Committee. Each Committee has access to such resources, information and advice, as it deems necessary, at the cost of the Company, to enable the Committee to discharge its duties. [See Committees Terms of Reference here](#).

The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved for the Board. It is responsible for overall Group strategy; approval of major investments (whether Capex or Opex); approval of the annual and interim results; annual budgets; approval of major contracts, review of external announcements and reporting, Board structure and M&A activity. It monitors the exposure to key business risks and reviews the strategic direction of all business streams, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility across the Board:

- the Executive Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction as well as fundraising opportunities; and
- the Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the CFO and senior management team.
- The Chief Financial Officer is responsible for the management of the Groups finances and the implementation of Governance. Compliance as well as advising other board members in this area.

The senior management team is responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes. Any member of this team may raise issues to the CEO or CEO / Company Secretary for discussion as necessary at the Board. The controls applied by the senior management team for financial and non-financial matters are set out in various internal policies and procedure documents, and the effectiveness of these controls is regularly reported to the Audit Committee and the Board.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company communicates with shareholders through the Annual and Quarterly Financial Statements and Management Discussions and Analysis Reports, the Annual General Meeting (AGM), regular press releases and one to-one meetings with large existing or potential new shareholders as well as more informally via investor media, twitter and LinkedIn. The Board receives regular updates on the views of shareholders through briefings and reports from the Chief Executive Officer, Chief Financial Officer / Company Secretary

and the Company's brokers. Investors that sign up for news receive all communications directly by email and can contact the Corporate Secretary with any question.

The Company will comply with other corporate governance matter by:

- Adopting a model code for directors' dealings appropriate for a CSE and AQSE company (using AIM rules where appropriate) and taking reasonable steps to ensure compliance is also applicable to Group employees and their respective associates. (Rule 21 of the AIM Rules relates to directors' dealings).
- The Board conducting a review (at least annually) of the effectiveness of the group's systems of internal controls and reporting to shareholders that they have done so. A review should cover all material controls, including financial, operational and compliance controls and risk management systems. A review should also incorporate an analysis of the regulatory and fiscal position in the territories in which the Group operates.
- Ensuring the roles of Chairman and Chief Executive are not exercised by the same individual.
- The Group should normally have at least two independent non-executive directors (one of whom may be the Chairman) and the Board should not be dominated by one person or group of people.
- All directors must be submitted for re-election at regular intervals subject to continued satisfactory performance. The Board should ensure planned and progressive refreshing of the Board.

It should be noted that currently the CFO and Corporate Secretary are undertaken by the same person but this will be kept under review by the board to ensure no conflict arises.