

URBAN-GRO INC.

WHISTLEBLOWER POLICY

(Effective as of January 1, 2021)

Statement of Policy

urban-gro, Inc., a Delaware corporation (the “Company”), is committed to maintaining high standards of ethical, moral and legal conduct in its business operations. All officers, directors and employees must comply with the laws and regulations to which we and they are subject, as well as our Code of Business Conduct and Ethics (our “Code”). Misconduct by anyone at or connected with the Company, at the very least, reflects poorly on our reputation and potentially exposes the Company to legal sanctions. We therefore strongly encourage you to report misconduct that you become aware of in the course of your employment or otherwise. The Company encourages open communication so that such concerns may be raised without fear of retaliation in any manner.

Although it is impossible to list all of the conduct that we are concerned about, we would expect you to report:

- 1) any activity, policy or practice of the Company, or another employer with whom there is a business relationship, that the employee reasonably believes is or may be not in compliance with, or is, or may be a violation of, a law or a rule or regulation promulgated pursuant to law;
- 2) any activity, policy or practice of the Company, or another employer with whom there is a business relationship, that the employee reasonably believes is or may be fraudulent or criminal;
- 3) any failure to comply with, or a violation of, any applicable laws, including securities, environmental, fraud, employment or any other laws;
- 4) any financial malpractice, impropriety or fraud, questionable accounting policies or practices, internal accounting controls or auditing matters, including, but not necessarily limited to:
 - (a) fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
 - (b) fraud or deliberate error in the recording and maintenance of financial records of the Company;
 - (c) deficiencies in or noncompliance with the Company’s internal accounting controls;
 - (d) misrepresentation or false statement to or by a senior officer or accountant of the Company regarding any matters contained in the financial records or any financial reports or audit reports of the Company;
 - (e) misappropriation of Company funds; or
 - (f) deviation from full and fair reporting of the Company’s financial condition;

- 5) any violation of the Code;
- 6) any activity that poses a danger to health, safety or the environment; and
- 7) any attempts to conceal any of the above (collectively, “Misconduct”).

Employees are required to come forward with any such information, without regard to the identity or position of the suspected offender. Because failure to report illegal, criminal or fraudulent activity can itself be understood to condone the activity, we emphasize the importance of reporting. Failure to report knowledge of wrongdoing may result in disciplinary action against those who fail to report.

Employees who knowingly attempt to alter, conceal, cover up, falsify or destroy any documents or tangible items to prevent their use in an official proceeding or influence any investigation may be subject to criminal penalties and fines.

Any other third party, such as vendors, customers, stockholders or competitors, may also report a good faith complaint regarding financial malpractice, impropriety or fraud, including questionable accounting policies or practices, internal accounting controls or auditing matters or other non-compliance with or violation of law, rule or regulation. In order to facilitate the reporting of communications regarding alleged Misconduct, we have established the following procedures for (i) the submission of reports of alleged Misconduct and (ii) the receipt, retention and treatment of these reports. The Company’s Audit Committee is responsible for administering this policy.

Policy of Non-Retaliation

Unlawful discrimination or retaliation against any current or former employee of the Company for good faith reports of Misconduct will not be tolerated. It is our policy to comply with all applicable laws that protect our employees against unlawful discrimination or retaliation as a result of their lawfully reporting information regarding, or their participation in investigations involving, alleged Misconduct by the Company or its agents. Specifically, our policy is designed to prevent employees from being subject to disciplinary or retaliatory action by the Company or any of its agents or employees because the employee does any of the following:

- 1) Discloses, or threatens to disclose, to a supervisor or to a public body an activity, policy or practice of the employer or another employer, with whom there is a business relationship, that the employee has a good-faith, reasonable belief is in violation of a law, or a rule or regulation issued under the law, or, in the case of an employee who is a licensed or certified health care professional, reasonably believes constitutes improper quality of patient care;
- 2) Provides information to, or testifies before, any public body conducting an investigation, hearing or inquiry into any violation of law, or a rule or regulation issued under the law by the employer or another employer, with whom there is a business relationship, or, in the case of an employee who is a licensed or certified health care professional, provides information to, or testifies before, any public body conducting an investigation, hearing or inquiry into quality of patient care;
- 3) Provides information involving deception of, or misrepresentation to, any shareholder, investor, client, patient, customer, employee, former employee, retiree or pensioner of the employer or any governmental entity;
- 4) Provides information regarding any perceived criminal or fraudulent activity, policy or practice of deception or misrepresentation which the employee reasonably believes may

defraud any shareholder, investor, client, patient, customer, employee, former employee, retiree or pensioner of the employer or any governmental entity;

- 5) Objects to, or refuses to participate in, any activity, policy or practice which the employee reasonably believes:
 - (a) is in violation of a law, or a rule or regulation issued under the law or, if the employee is a licensed or certified health care professional, constitutes improper quality of patient care;
 - (b) is fraudulent or criminal; or
 - (c) is incompatible with a clear mandate of public policy concerning the public health, safety or welfare or protection of the environment; or
- 6) Provides information to the Company's representatives or other persons where the employee has a good-faith, reasonable belief that the information discloses a violation or possible violation of our Code.

If any employee believes he or she has been subjected to any discrimination or retaliation or other action by us or our agents for reporting suspected Misconduct in accordance with this policy, he or she may file a complaint with by following the procedures set forth below under the heading "Method of Reporting." If it is determined that an employee has experienced any improper employment action in violation of this policy, we endeavor to promptly take appropriate corrective action.

Method of Reporting

You are encouraged to talk to your supervisors, managers, human resources and other appropriate personnel should you become aware of any of the foregoing. In addition, we have established more formal procedures for reporting suspected improper conduct. For any of the matters described in this policy you may, instead of reporting a concern to a supervisor, manager, human resources or other staff manager (or if you reported a concern, and feel it was not properly acted upon), do any of the following:

Employees may submit concerns regarding alleged Misconduct, including alleged Misconduct relating to questionable accounting, internal accounting controls or auditing matters, (confidentially and anonymously, if they wish) to the Chairperson of the Audit Committee, Chief Financial Officer, Privacy Officer, or the third party independent compliance hotline in one of the following ways:

- via telephone hotline at the following number: **303.223.5557**; or
- via email at the following address: **rdelacastro@employerscouncil.org**

Employees may also submit concerns regarding Misconduct, including alleged Misconduct relating to questionable accounting, internal accounting controls or auditing matters, (confidentially and anonymously, if they wish) by mail to any of the following:

Chief Financial Officer (the "CFO")

c/o Richard A. Akright
1751 Panorama Point, Unit G
Lafayette, CO 80026

Chairperson of the Audit Committee

c/o James H. Dennedy
1751 Panorama Point, Unit G
Lafayette, CO 80026

Privacy Officer

Nichole McIntyre
1751 Panorama Point, Unit G
Lafayette, CO 80026

You may sign the correspondence with your name or disclose your name on the phone call or you may communicate anonymously. Anonymous letters, emails and phone calls will be investigated and acted upon in the same manner as if your identity were known. All communications should contain as much specific detail as possible to allow appropriate personnel to conduct an investigation of the reported matter. All persons who report a concern to the hotline will be provided with a case number and unique password. In the event you report something anonymously and the Company is unable to progress the investigation without additional detail, the Company will note that within the system of the third party, independent hotline provider and you may choose to follow-up as you deem appropriate.

The methods of submitting complaints or concerns shall be published on the Company's external and internal websites. It shall be emphasized to employees that each of the methods of submitting complaints listed above may be used anonymously and that such complaints shall be treated confidentially.

All complaints, regardless of how received, will be provided to the Chairperson of the Audit Committee who shall treat all complaints as set forth below.

Policy for Receiving and Investigating Reports

1. All accounting and auditing complaints received shall be recorded on an accounting and auditing matters log, which shall include, among other things, information regarding the date the complaint was received, a description of the complaint, the submitter (if provided) and the status and disposition of an investigation of the complaint. Receipt of the complaint will be acknowledged to the sender, within a reasonable period following receipt, if appropriate information for response is supplied. Non-accounting or non-auditing complaints shall be logged separately.
2. The General Counsel, if the Company has appointed one, or alternatively, the CFO will report immediately to the Audit Committee any complaints not initially directed to the Chairperson of the Audit Committee regarding accounting or auditing matters. The General Counsel or the CFO (as applicable) shall provide the Audit Committee with a quarterly update of pending investigations.
3. All letters, email and transcripts of telephone calls will be kept in confidence and acted upon only by designated personnel unless disclosure is required or deemed advisable in connection with any governmental investigation or report, in the interest of the Company, or in the Company's legal handling of the matter.
4. In all cases, prompt and appropriate corrective action shall be taken as determined by the Audit Committee or, as applicable, the General Counsel or the CFO (as applicable).

5. Reprisal, threats, retribution or retaliation in any way against any person who has in good faith made a complaint or reported a concern, or against any person who in good faith assists in any investigation or process with respect to such a complaint or concern, is prohibited.
6. Company employees cannot exempt themselves from the consequences of their own wrongdoing or failure to perform their duties by self-reporting, although self-reporting may be taken into account in determining the appropriate course of action. Disciplinary action taken as a consequence of wrongdoing is determined according to Company policy and is not considered reprisal, threat, retribution or retaliation. Any good faith report, concern or complaint is fully protected by this policy, even if the report, concern or complaint is, after investigation, not substantiated. However, any allegations that prove not to be substantiated and have been made maliciously or with knowledge that they were false will be treated by the Company as a serious disciplinary offense.

Retention of Reports

The Chairperson of the Audit Committee, or his or her designee, shall retain written complaints, the accounting and auditing matters log and all related documentation regarding accounting, internal accounting controls or auditing matters as required under applicable law.

Further Questions

If you have any further questions in relation to this policy, please contact Human Resources or the CFO (as applicable).