

INCENTIVE COMPENSATION CLAWBACK POLICY

REV: JUL 2023

This Incentive Compensation Clawback Policy (the “Policy”) has been implemented to ensure that the board of directors (the “Board”) of SNDL Inc. (the “Corporation”) and its Governance and Nominating Committee (the “Committee”), are able to take direct, appropriate action to rectify or prevent the unjust enrichment of any member of Senior Management (as defined below) who, through his or her own Misconduct (as defined below), improperly receives Incentive Compensation (as defined below) beyond what he or she would, in the absence of such Misconduct, have otherwise been entitled to receive.

This Policy is not intended to penalize individuals for bona fide errors in judgment made in good faith, nor shall it be used to second guess legitimate business decisions that subsequently come under scrutiny; rather, it is designed to target and discourage intentional, dishonest behaviour undertaken by Senior Management leading to unjust enrichment due to inaccurate financial results reporting.

Application

This Policy is intended to operate in addition to any requirements that may exist from time to time under applicable law, rules or regulations and, to the extent the Corporation or the Board is obligated to comply with any such laws, rules or regulations, this Policy shall be read to incorporate such obligations and shall require the Corporation or the Board to discharge its duties as prescribed thereunder. If there is any conflict between the provisions of this Policy and the requirements under applicable law, rules or regulations, the latter shall prevail, and this Policy shall be amended to rectify any such conflict.

Definitions

In addition to terms defined elsewhere in this Policy, the following terms shall have the meanings set forth below.

“**Incentive Compensation**” includes cash bonuses and equity based incentive awards granted or paid to an individual, or that an individual might become entitled to receive, under one or more of the Corporation’s incentive compensation programs in effect from time to time.

“**Misconduct**” means fraud or willful misconduct resulting in inaccurate financial results being reported, negligent conduct resulting in restatement of all or any part of the Corporation’s financial statements, material breaches of the Corporation’s code of conduct or any willful acts of fraud, theft or serious misconduct.

“**Overpayment Amount**” means an amount equal to the difference between: (i) the Incentive Compensation that was awarded, vested or paid to the Senior Manager in respect of the year in which the Misconduct occurred, and (ii) the amount of Incentive Compensation that should have properly been awarded, vested or paid to the Senior Manager using corrected financial results (which may be prepared on a pro forma basis as necessary) in a revised award calculation under the applicable incentive compensation program.

“**Senior Management**” includes all individuals at the executive level or above currently or previously employed by the Corporation or one or more of its wholly owned direct or indirect subsidiaries, and “Senior Manager” refers to any such individual.

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Where a Senior Manager, through his or her own Misconduct, receives an Overpayment Amount, the Senior Manager shall be obligated to reimburse the Corporation for such Overpayment Amount, and the Board and the Committee shall have the discretion to cancel, withhold or otherwise take appropriate action to recoup that Senior Manager's Incentive Compensation awarded or paid during the two-year period following the first public issuance or filing with securities regulatory authorities, whichever first occurs, of the financial document embodying such erroneous financial reporting results, up to a maximum of such Overpayment Amount.

In addition, in the event that the Board or the Committee determines that any Senior Manager has directed, participated or engaged in any Misconduct resulting in or likely to result in material damage to the Corporation or its subsidiaries, the Board may seek to recoup for the benefit of the Corporation all Incentive Compensation awarded, vested or paid to the Senior Manager after the date on which such Misconduct occurred or commenced.

In the absence of admission by a Senior Manager, the determination of whether Misconduct has occurred shall be made by the Board or the Committee, acting reasonably and in good faith, upon completion of an internal investigation utilizing qualified, third-party financial and legal advice. All reasonable third-party costs of the Corporation and the Senior Manager incurred in connection with any internal investigation undertaken shall be borne by the Corporation. An affected Senior Manager may be permitted, but shall not be obligated, to participate in any investigation undertaken pursuant to this Policy. Nothing contained in this Policy shall require a Senior Manager or any other person to make any admission of wrongdoing or to voluntarily acknowledge or submit to a determination of Misconduct by the Board or the Committee.

In carrying out the recovery of Overpayment Amounts or otherwise dealing with the Misconduct, the Board or the Committee shall be entitled to pursue all legal and other remedies at its disposal including, without limitation, termination of employment, initiating legal action and cancelling or withholding vested, unvested and future Incentive Compensation awards. The effect of tax and any third-party fines, penalties or damages imposed on the Senior Manager in respect of the Misconduct leading to the Overpayment will be considered by the Board or the Committee, and appropriate credit given for such amounts, in determining the amount of the Overpayment Amount to be recovered by the Board or the Committee and appropriate recovery actions.

The Board and the Committee shall not seek recovery to the extent it determines that (i) to do so would be unreasonable, or (ii) it is in the best interests of the Corporation not to do so. In making such determination, the Board and the Committee shall take into account such considerations as it deems appropriate, including, without limitation, (a) the likelihood of success under governing law versus the cost and effort involved; (b) whether the assertion of a claim may prejudice the interests of the Corporation, including in any related proceeding or investigation; (c) the passage of time since the occurrence of the misconduct; and (d) any pending legal proceeding relating to the applicable misconduct.

General

In exercising discretion and determining the appropriate extent of recovery under this Policy and the steps to be taken to such recovery, the Board and the Committee shall, as required by law, consider the best interests of the Corporation in the particular circumstances.



To the extent practicable and as permitted by law, including securities laws and stock exchange requirements pertaining to public disclosure, investigations and related findings under this Policy shall be undertaken and treated in a confidential manner.

Nothing in this Policy in any way detracts from or limits any obligations that those subject to it have in law or pursuant to a management, employment, consulting or other agreement with the Corporation or any of its respective subsidiary entities.

This Policy applies only to Incentive Compensation paid or awarded after the Effective Date. Compensation paid or awarded prior to the Effective Date is not subject to this Policy.

The Corporation shall not indemnify any Senior Managers against the loss of any Overpayment Amount.

Amendment

The Committee shall annually review this Policy and make recommendations to the Board as to proposed changes.