

## **REPORT PURSUANT TO THE *FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT* (2024)**

This report is produced by SNDL Inc. (“SNDL”) for the financial year ending December 31, 2024 and is prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). This report applies to SNDL and four of its wholly owned Canadian subsidiaries: Liquor Stores Limited Partnership, Valens Agritech Ltd., Nova Cannabis Stores Limited Partnership, and Indiva Inc.

### **Measures to prevent and reduce the risks of forced labour and child labour**

In general terms, SNDL and its entities took the following measures during the 2024 financial year to prevent and reduce the risk of forced labour or child labour in both its business and supply chains:

- Pursuant to our internal policies, we performed due diligence with respect to all new third party suppliers prior to entering into any new contractual agreements;
- SNDL uses a multi-departmental approach to all new contracts with outside parties, including a thorough review of all documents by our legal team;
- An internal group was continued for the purposes of examining our current practices and policies in order to mitigate any forced labour or child labour risks within the business and its supply chains;
- We identified any areas within the business or its suppliers’ business that could be considered higher risk with respect to forced labour or child labour and are taking steps to fully assess the risk and perform additional due diligence as required to mitigate the risk of such activities;
- SNDL and its entities revised their contracts and drafted a new template Master Services Agreement for products and services, updating our supplier representations and warranties requiring them to attest that they (along with their affiliates, representatives, contractors, and suppliers) are not engaged in any practice that involves forced labour or are engaged in any practices in contravention of the Convention on the Rights of the Child or legislation relating to forced labour or child labour in supply chains.

### **Structures, Activities and Supply Chains**

SNDL is incorporated under the Alberta *Business Corporations Act* and its common shares are listed on the Nasdaq Capital Market and on the Canadian Securities Exchange.

SNDL is headquartered in Edmonton, Alberta but has business operations across Canada and some international exports. The four major business segments under which SNDL has operations include Liquor Retail, Cannabis Retail, Cannabis Operations and Investments. SNDL has approximately 2,600 employees across all of its entities and is committed to a diverse and inclusive workplace.

As Canada's largest private sector liquor retailer, SNDL operates 165 locations, predominantly in Alberta, under its three retail banners: "Wine and Beyond", "Liquor Depot", and "Ace Liquor". The liquor retail operations are held by one of SNDL's subsidiaries, Liquor Stores Limited Partnership, by its general partner, Liquor Stores GP Inc.

SNDL is also one of Canada's largest private sector cannabis retailers by number of stores, operating 186 locations under its retail banners: "Value Buds" and "Spiritleaf". The cannabis retail operations are predominantly held by one of SNDL's subsidiaries, Nova Cannabis Stores Limited Partnership.

In addition to its retail sector, SNDL also is a licenced producer of cannabis and cannabis products through its Cannabis Operations business segment. Two of SNDL's subsidiary corporations, Valens Agritech Ltd. and Indiva Inc., are the primary manufacturers of cannabis products within the SNDL group of companies. SNDL group has production facilities in Kelowna, British Columbia, in Atholville, New Brunswick, in Bolton, Ontario, and in London, Ontario. SNDL produces cannabis and cannabis products in-house, and also contracts with third party suppliers. The majority of supplies or products received by SNDL are from suppliers headquartered and operating in Canada. Supplies might include cannabis, various cannabis products, or miscellaneous supplies for product packaging, labeling or office supplies.

In addition to its Canadian production facilities, SNDL also produces and markets cannabis products for the international medicinal market.

SNDL's fourth business segment is its investment arm of the company, in which SNDL has provided capital to a portfolio of various cannabis-related investments. SNDL and SunStream Bancorp Inc. have formed a joint venture under which SNDL provides capital in order to fund certain loans that are managed by the Sunstream group of companies. While SNDL solely has operations located in Canada, the joint venture investments with Sunstream are focused in the United States of America.

## **Policies and Due Diligence Processes**

SNDL operates the following policies for identifying and preventing child labour or forced labour practices in its operations:

- Whistleblower Policy

As a publicly traded corporation, SNDL believes the integrity, transparency and accountability of its financial, administrative and management practices (along with its affiliates) is critical. As a result, the company has a strict Whistleblower Policy, which allows concerns about questionable business practices to be raised anonymously without fear of discrimination, retaliation or harassment. All personnel (including directors, officers, employees, and consultants) are encouraged to report if they become aware of breaches under this policy. There is a progressive reporting system under which there are multiple reporting channels and multiple individuals that personnel may report to in order to ensure that personnel feel safe to report and that their concerns are heard, investigated and addressed. Upon misconduct being found through a thorough investigation under this policy, the company will take effective remedial action appropriate to the severity of the offence, up to and including termination of directors, officers or employees, or even legal proceedings where warranted.

- Violence, Harassment, Bullying and Discrimination Policy

SNDL is committed to providing a safe and healthy work environment free from violence, harassment, bullying and discrimination. Under this policy, the company has outlined various behaviours and conduct that are not tolerated in the workplace. Breach of this policy has potentially severe consequences, up to and including immediate termination of the offending employee. Employees have a mandatory obligation to report any activities that violate this policy and any complaints or reported breaches of this policy will result in a prompt and diligent investigation by applicable supporting departments such as Human Resources and/or Health, Safety and Environment. With these mandated reporting procedures and supporting department oversight, the companies closely monitor all activities to prevent any suggestion of forced labour activities.

- Health and Safety Policy

SNDL is committed to a health and safety program that protects and maintains the health, safety and well-being of all personnel within its workplaces, including employees, contractors, patrons, and the general public. One of SNDL's core behaviours is to "never stop raising the bar" and as a result, one of the main corporate focuses is continuous improvement. In addition, SNDL encourages employees to "act like an owner" and for all personnel to share the responsibility of ensuring and protecting the health and safety of each other and the public. This applies anytime personnel are at, or in the vicinity of, any SNDL location, including retail stores, corporate offices, warehouses, and production facilities. These health and safety practices and obligations are equally applicable to both physical and psychological safety. All leaders and management are required to lead by example and part of this responsibility to others involves continuous risk assessment

and management. These ongoing behaviours will assist in minimizing the risk of any forced labour within the workplace or the organizations generally.

- Supplier Due Diligence Processes

All third party suppliers undergo a due diligence process before supplier relationships are formalized. SNDL is a company with strong internal values and core behaviours that must align with any external business relationships. The procurement team works closely with the Legal department to assess any third party relationships and contracts, including ensuring that all transactions comply with current laws and regulations and including assessing any risks of entering into a new business relationship with a particular supplier. In addition, SNDL has a Communications team which monitors the online presence of our entities, as well as news relating to other entities involved in the cannabis industry, whether producer, supplier, or retailer. Any adverse news or report is taken into consideration when considering both new or existing business relationships, with our goal being to reduce and manage any risks associated with forced labour or child labour within our industry.

- Social Responsibility Policy:

Under the Social Responsibility Policy, all employees working in the highly regulated sectors that form the basis for SNDL's business operations must comply with all laws, bylaws and regulations. All employees must be of legal age in their province of employment in order to be able to work in any production facilities or retail operations that participate in the sale of liquor or cannabis and cannabis products. In the retail sector, all employees are required to carry the appropriate provincial certification within their province of employment in order to be able to legally sell liquor or cannabis to customers. Our Human Resources department monitors all employee certifications and performs due diligence on all employees during the onboarding process in order to minimize any risk of child labour or forced labour.

## **Determining the Risk of Forced Labour or Child Labour**

Within our organization, we believe the risk of forced labour or child labour among SNDL and its subsidiaries is low in light of our recruitment process, the various policies we have in place and the application of these processes and policies by our Human Resources team. Given the nature of the business segments of SNDL, all employee applicants undergo a thorough background check, which includes a criminal record check. Employees must be over the legal age in their province of employment and must be certified and legally able to work in Canada in order to be able to work in our provincially regulated retail segments or our production facilities. SNDL embraces the benefits of having a diverse and inclusive workforce, including hiring

foreign workers able to work in Canada under a legal work permit. The companies identify minor risk in hiring legal foreign workers in light of our extensive background checks and verification through our recruitment process. In addition, SNDL's internal policies encourage reporting by employees of any behaviours or practices that do not align with the company's core values, further minimizing the risk that forced labour may inadvertently occur within the workplace.

Within our supply chains, we believe the risk of forced labour or child labour is relatively low. The majority of our Tier 1 suppliers are headquartered and based in Canada where the risks of forced labour and child labour are lower. The cannabis industry is heavily regulated and its regulations are regionally specific. All employees working with cannabis or cannabis products must be governmentally certified within their region and must be at least the legal age of majority for the particular jurisdiction in which they work. The risk of forced labour or child labour within Tier 2 suppliers, Tier 3 supplier or suppliers beyond Tier 3 increases slightly as these suppliers may be located outside of Canada or are less easily identified than Tier 1 suppliers. However, the current state of the cannabis industry relies predominantly on national cannabis cultivation, production and processing, thus involving fewer higher tier suppliers than many other industries. In light of these identified risks within the industry, SNDL is committed to continuous monitoring and improvement of our internal processes for vetting suppliers prior to entering into new business contracts. In addition, the cannabis industry is constantly evolving and the possibility of expanding our business further into international markets will require us to continue to evolve our internal policies and procedures when identifying whether there is a heightened risk of forced labour or child labour in specific markets.

### **Steps Taken to Assess and Manage the Risk Identified in Our Operations and Supply Chains**

At SNDL, we believe in the importance of having carefully selected third party suppliers that are aligned with our high ethical standards and our core values. As part of this selection process, our procurement team works carefully with the legal department to perform due diligence and review all proposed third party contracts with new suppliers. Given that SNDL is constantly evolving in its processes and policies, we will require all new suppliers to attest that they do not use any form of forced, compulsory or child labour in their business or do business with higher tier suppliers that use any form of forced or child labour. The legal team provides recommendations to the various departments within our business in order to ensure that all external relationships and contracts are compliant with current legislation, and that the high ethical standards of SNDL carry over to external relationships as well. The company's internal departments work collaboratively to determine whether additional due diligence is required to fully assess the risk of forced or child labour in relation to new business partners. Further due diligence steps may include assessing specific risks relating to the provision of particular services and/or auditing suppliers for their internal health and safety standards as well as labour relations.

Internally, SNDL has a variety of policies in place that ensure the safety and well-being of our employees, contractors, personnel and patrons. These policies are reviewed on a regular basis and updated as required. Employees are encouraged to review the policies regularly. Upon both onboarding of employees and any changes to existing policies, employees are mandated to review the policies and to confirm their understanding of their contents. Employees are encouraged to reach out to their team leaders for support or reporting of policy breaches as they arise.

### **Remediation Measures**

Within the last fiscal year, no incidents of forced labour or child labour were identified within the business of SNDL, or to SNDL's knowledge any of its suppliers. We have also not identified any instances of loss of income to the most vulnerable families resulting from any measure taken to eliminate the use of forced labour or child labour. Therefore, no specific remediation measures were required within the 2024 year to address these issues. However, if there is ever suspicion of an incident or an identified incident of forced labour within the business's supply chains, SNDL will carry out a formal investigation and take all necessary steps to remediate the situation in compliance with the then current international standards, including but not limited to termination of supplier contracts if required to uphold SNDL's core values. SNDL's Whistleblower Policy encourages individuals to come forward anonymously with any suspicions or concerns, which provides employees with a means to report without fear of identification or repercussions.

### **Continuous Improvements and Prospective Interventions**

SNDL takes a proactive approach to preventing forced labour and child labour risks within our various business segments. Training and information dissemination begins at the onboarding stage, whether that's with third party suppliers or with internal employees. All employees are assigned a mandatory onboarding training package that includes all of our internal policies and employees must certify that they understand and will abide by our policies. These internal policies are reviewed at consistent intervals and updated whenever necessary. All updates to policies are also disseminated to employees for review and further certification.

In the current global market, much of the supply chain is centred in lower risk Canadian markets. However, as the global climate in the cannabis industry continues to evolve, SNDL is committed to enhancing due diligence processes and training in order that any indirect supplies, or any suppliers located in higher risk jurisdictions, are thoroughly vetted prior to any business contracts being finalized.

**Approval and Attestation**

This report was approved by the Board of Directors of SNDL Inc. for the financial year ended December 31, 2024, pursuant to subparagraph 11(4)(b)(ii) of the Act.

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 due 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.



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**Zachary George**

Director and Chief Executive Officer of SNDL Inc., Liquor Stores Limited Partnership, by its general partner, Liquor Stores GP Inc., Valens Agritech Ltd., and Nova Cannabis Stores Limited Partnership, by its general partner, Nova Cannabis Stores GP Inc.

Director of Indiva Inc.

I have the authority to bind SNDL Inc., Liquor Stores Limited Partnership, by its general partner, Liquor Stores GP Inc., Valens Agritech Ltd., Nova Cannabis Stores Limited Partnership, by its general partner, Nova Cannabis Stores GP Inc. and Indiva Inc.

Dated May 29, 2025