

REPORT PURSUANT TO THE *FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT (2023)*

This report is produced by SNDL Inc. (“SNDL”) for the financial year ending December 31, 2023 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 two of its wholly owned Canadian subsidiaries: Liquor Stores Limited Partnership and Valens Agritech Ltd. This report also applies to Nova Cannabis Inc. (“Nova”), a subsidiary of SNDL which has a majority of its shares owned and controlled by SNDL, and Nova’s wholly owned Canadian subsidiary, Nova Cannabis Stores Limited Partnership.

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

In general terms, SNDL, Nova and their entities took the following measures during the 2023 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 and Nova use 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 established to examine 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 that could be considered higher risk with respect to forced labour or child labour and are taking active steps to fully assess the risk and perform additional due diligence as required to mitigate the risk of such activities.

Structures, Activities and Supply Chains

SNDL is incorporated under the Alberta *Business Corporations Act* and its shares are listed on the NASDAQ stock exchange.

SNDL is headquartered in Calgary, 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 171 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.

Nova Cannabis Inc. ("Nova") is incorporated under the Alberta *Business Corporations Act* and its shares are listed on the Toronto Stock Exchange (TSX). Nova is headquartered in Edmonton, Alberta and is a national cannabis retailer. SNDL holds a 65% controlling ownership interest in Nova. By this Nova ownership interest, SNDL is also Canada's largest private sector cannabis retailer by number of stores, operating 188 locations under its four retail banners: "Value Buds", "Spiritleaf", "Superette", and "Firesale Cannabis". The cannabis retail operations are held by one of Nova's subsidiaries, Nova Cannabis Stores Limited Partnership. In light of the ownership structure between the two companies, Nova and SNDL have a number of shared or overlapping services within the various internal business departments.

In addition to its retail sector, SNDL also is a licenced producer of cannabis and cannabis products through its Cannabis Operations business segment. One of SNDL's subsidiary corporations, Valens Agritech Ltd., is the primary producer of cannabis products within the SNDL group of companies. SNDL group has production facilities in Kelowna, British Columbia, in Atholville, New Brunswick, and in Bolton, Ontario. SNDL produces cannabis and cannabis products in-house, and also contracts with third party suppliers. The majority of supplies or products received by both SNDL and Nova 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 has an international export contract with IM Cannabis Corp headquartered in Israel. In light of the continuously changing international cannabis markets, SNDL is pursuing EU-GMP certification at its Atholville facility in order to increase opportunities within additional emerging global markets such as the United Kingdom and Germany.

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 and Nova operate the following policies for identifying and preventing child labour or forced labour practices in our operations:

- Whistleblower Policy

As publicly traded corporations, SNDL and Nova believe the integrity, transparency and accountability of their financial, administrative and management practices (along with their affiliates) is critical. As a result, the companies have 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 and Nova are committed to providing a safe and healthy work environment free from violence, harassment, bullying and discrimination. Under this policy, the companies have 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 and Nova are committed to a health and safety program that protects and maintains the health, safety and well-being of all personnel within our workplaces, including employees, contractors, patrons, and the general public. One of SNDL and Nova'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 and Nova encourage 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 or Nova 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 screening and due diligence process before supplier relationships are formalized. Both SNDL and Nova are companies 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 and Nova have 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 both SNDL and Nova'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.

In light of their shared values with respect to business operations and corporate responsibility, SNDL and Nova share common policies between the organizations.

Determining the Risk of Forced Labour or Child Labour

Within our organization, we believe the risk of forced labour or child labour among SNDL, Nova and 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 and Nova, 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 and Nova embrace 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 and Nova's internal policies encourage reporting by employees of any behaviours or practices that do not align with the companies' 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 and Nova are 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 and Nova, 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

and Nova are constantly evolving in their 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 and Nova carry over to external relationships as well. The companies' 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, the companies have 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 Nova, or any of their 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 that were identified by the companies. Therefore, no specific remediation measures were required within the 2023 year to address these issues. However, if there is ever suspicion of an incident or an identified incident of forced labour within the businesses' supply chains, both SNDL and Nova will carry out a formal investigation and take all necessary steps to remediate the situation in compliance with the then current international standards. SNDL and Nova'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 and Nova take 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 and Nova are 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, 2023, 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.

Zachary George

Zachary George (May 30, 2024 13:29 MDT)

Zachary George

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

Director of Nova Cannabis Inc.

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

I have the authority to bind Nova Cannabis Stores Limited Partnership, by its general partner, Nova Cannabis Stores GP Inc. for the purposes of this jointly submitted report.

Dated May 30, 2024