

# FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT: 2025 ANNUAL REPORT

## 1. Introduction

In compliance with Bill S-211, we present to you the Annual Report for the fiscal year ending 2025. This report provides an overview of our continued efforts to combat forced and child labor within our supply chain and our commitment to upholding ethical standards and human rights.

This report is made by MTL Cannabis Corp. and those entities set out in Schedule "A" attached hereto (collectively, "MTLC", the "Company", the "Organization", "we", or "us") for the financial year ending March 31, 2025 ("Reporting Period") and sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or of goods imported into Canada by MTLC.

This report constitutes the second report prepared by MTLC pursuant to Canada's new Fighting Against Forced Labour and Child Labour in Supply Chains Act ("Canada's Modern Slavery Legislation" or the "Act").

## 2. Steps to Prevent and Reduce Risk of Forced Labour

The Company took the following steps during the Reporting Period to prevent and reduce the risk of forced labour or child labour in its business and supply chains:

- Maintained an internal working group comprised of MTLC's management, representatives from its supply chain, and external legal counsel to review the impact of Canada's Modern Slavery Legislation;
- Our standard form vendor contract's Terms and Conditions includes the expectations and requirements concerning forced labour in supply chains;
- Maintained a Supplier Code (as defined below) to bring certain definitions and provisions into alignment with Canada's Modern Slavery Legislation;
- Maintained a Whistleblower Policy for all employees, officers, directors, and contractors to report ethical or legal violations, among other concerns, including any risks of forced or child labour within the Company, extended to our supply chain; and
- Engaged external counsel to provide training and education on Canada's Modern Slavery Legislation for employees involved in the procurement of goods and services.
- Formed a procurement department that will enforce MTLC Supplier Code of Conduct for all suppliers. This department is also responsible for having all vendors' contracts signed, in which provisions have been added regarding the expectations and requirements concerning forced labour in supply chains.

## 3. MTLC's Structure, Activities, and Supply Chains

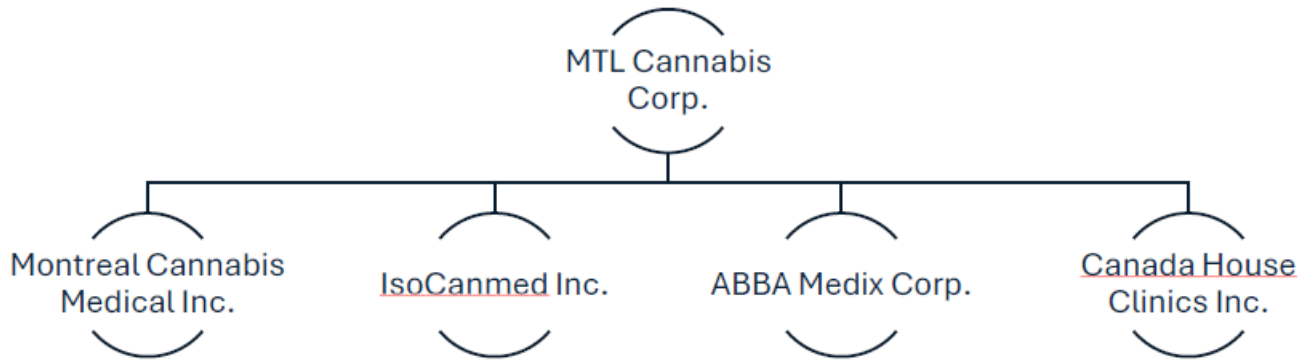
### Overview of MTLC

MTLC is a publicly listed company that owns various subsidiaries operating in the recreational and medicinal cannabis industries, including Montréal Medical Cannabis Inc. ("Montréal Cannabis"), is a licenced cultivator and processor in Canada under the Cannabis Act (Canada) and associated Cannabis Regulations. Montréal Cannabis is concentrated on respecting the cannabis culture and daily consumer and initially operated in the Canadian recreational marketplace, launching modern unique offerings into the Canadian market at a competitive price point.

Through the Company's other wholly owned subsidiary, ABBA Medix Corp., the Company is a leading medical marketplace for veterans with medical coverage. As a medical marketplace, the Company sources over 450 SKUs from over 60 brands and more than 35 licenced producers to curate a menu for veterans and other medical patients.

The Company’s mission in the medical segment is to improve the quality of life for anyone suffering from post-traumatic stress disorder, chronic pain, and/or other medical conditions. Canada House Clinics Inc. (“CHC”) provides education services to support patients with the use of medical cannabis and assist them in selecting a Licenced Producer and identifying appropriate strains. CHC’s services include issuing patients Medical Documents (authorizations to purchase medical cannabis) using licenced health care providers.

*Exhibit 1: MTLC Organizational Structure*



**MTLC’s Supply Chain**

We work with suppliers predominantly in Canada and have approximately 2,000 vendors and suppliers that we use for various services, ranging from the purchase of raw cannabis, packaging materials, and construction materials to digital advertising.

The 3 major vendors used by the Company, which comprise over 90% of the Company’s purchases, are:

1. Various cultivators of cannabis, where raw cannabis is purchased to obtain additional supply beyond our in-house cultivation capabilities;
2. Packaging materials and construction materials from Les Nordico Enterprises Ltd. (“Nordico”); and
3. Contract packaging, filling, bottling, and labeling services from an outside vendor, Postech Media Inc. (“Postech”).

**4. MTLC’s Policies and Due Diligence Processes**

MTLC recognizes that forced labour, human trafficking, and child labour are critical issues, and we stand strongly against this exploitation. The Company has accordingly developed internal governance documents that take into consideration supply chain and human rights compliance risks. Furthermore, our supply chain processes are designed to procure goods and services that meet our standards for environmental stewardship, social responsibility, and ethical practices.

**Procurement Policy: Onboarding & Maintenance**

MTLC continues to be committed to upholding our procurement policy which will maintain a supply chain that prohibits all forms of forced and child labour. The following procedures have been implemented as part of onboarding for new vendors, as well for the monitoring of existing vendors, within MTLC’s supply chain.

- All new procurement contracts outlining terms of services are accompanied by the Company’s Supplier Code, which all new vendors are required to sign and acknowledge before the commercial relationship commences;
- MTLC’s largest vendors (Nordico and Postech) provided their acknowledgement and compliance (to the best of their knowledge) with the Company’s Supplier Code of Conduct.

## 5. Implementation of Company Policies

MTLC is committed to promoting honesty and integrity and maintaining the highest ethical standards in all its activities. Consistent with these values, the Organization does not tolerate any illegal or unethical behavior, including fraud, criminal acts, regulatory violations, manipulation of accounting and auditing records, or any breach of the Supplier Code (defined below) or any other policies, procedures, or practices established by the Organization (and its subsidiaries and affiliates, as applicable).

### Whistleblower Policy

Our Whistleblower Policy, maintained on the company's employment platform (HUMI), offers a reporting mechanism for our employees, officers and directors to report ethical or legal violations, among other concerns. The Whistleblower Policy is also maintained on the company's website, available to any public member. Stakeholders may make a report to identify individuals within MTLC or through the Company's reporting mechanism, as outlined in the policy. Upon receipt of a report, the Company will conduct a review of the facts, which often includes a comprehensive investigation. Upon completion of an investigation, we seek to remedy the impact of any impropriety promptly and establish a corrective action plan in collaboration with the relevant individuals and stakeholders. Our Whistleblower Policy prohibits retribution against any individual who reports an ethical complaint.

### Supplier Code of Conduct ("Supplier Code")

The Company expects suppliers to know and uphold the human rights of all workers, whether they are temporary or contract employees, and to treat all their workforce with dignity and respect, providing them with safe working conditions. The Supplier Code, maintained on the Company's website [www.mtlcannabis.ca](http://www.mtlcannabis.ca) specifically prohibits human rights abuses, including all forms of forced labour and child labour. We expect all our suppliers to adhere to and implement the principles and practices expressed in the Supplier Code. In addition, we expect suppliers to cascade these principles and requirements down to their own respective suppliers. MTLC encourages all suppliers, workers, and other stakeholders, through the provisions of the Supplier Code, to speak up about any issues, concerns, and suspected violations of the Company's policies. All ethical or legal concerns related to the Supplier Code can be reported to MTL Cannabis Corp.'s CEO or CFO.

Our Supplier Code also includes information on the Company's policies to ensure that all vendors and employees are aware of the company's commitment to ethical sourcing of goods and services, to limit the risk of forced labour / child labour in our direct and indirect supply chain activities.

## 6. Forced Labour and Child Labour Risks

The risk of forced labour and child labour may vary based on the geographic region, industry, or nature of the activity being undertaken, and MTLC's ability to supervise its various suppliers.

MTLC's business is primarily focused on the cultivation, processing and sale of Cannabis within Canada. The product is sold through medical platforms (Canadahouse Clinics Inc. and Abba Medix Corp.) and recreational cannabis is sold through provincial board / distributors. Cannabis raw product is either grown one of the Company's 3 growing facilities, within Canada, or Cannabis product purchased from third parties to satisfy any product shortfall. MTLC management believes the risk of forced and child labour to be low in this area, as all cannabis product is required to be grown in Canada. Flow of cannabis goods are regulated by the Cannabis Act, which requires stringent protocol and standard operating procedures. As the majority of labour related to the cultivation and sales of cannabis is contained within Canada, MTLC management deems this risk as low.

MTLC considers the risk of forced and child labour to be greater in its supply chains, particularly amongst its suppliers and other outsourced services or procured goods, due to a lower degree of direct supervision and visibility over these activities. While MTLC has received confirmations from Nordico and Postech that they acknowledge and comply with the Supplier's Code of Conduct, we have not obtained such attestations from other vendors with which it does business or suppliers to Nordico or Postech. Nordico and Postech procure various goods, including packaging, processing and other materials are involved in creating finished goods for sale in the Canadian Cannabis market. MTLC management does not have direct supervision in determining where these goods are purchased and/or manufactured in.

## **7. Remediation Measures**

During the period covered in this report, MTLC is has not been made aware of any forced labour or child labour in its supply chains. As a result, we have not actively undertaken any measures to remediate forced labour or child labour in our activities or supply chains. Should we identify an issue of forced labour or child labour within any of our suppliers' businesses, MTLC is committed to evaluating and assessing any concerns it faces in light of our commitment to responsible business practices. By undertaking these measures, we not only aim to resolve issues with our suppliers but also to contribute to broader efforts in eradicating forced labour and child labour and promoting ethical business practices within our supply chain.

## **8. Remediation of Loss of Income**

MTLC recognizes that efforts to eliminate the use of forced or child labour may have the unintended consequence of contributing to a loss of income for the most vulnerable families. MTLC is not aware of any instance in which its measures to remediate forced or child labour have contributed to a loss of income for vulnerable families. Consequently, there has been no remediation of, or remediation measures taken with respect to, such matters.

## **9. Training**

MTLC continues to provide training and education on Canada's Modern Slavery Legislation for employees involved in the procurement of goods and services, including providing all such employees with training in relation to the Whistleblower Policy and the Supplier Code.

## **10. Assessing Effectiveness**

Since the last report, MTLC has formed a procurement department. One of the mandates of this new department will be assessing the effectiveness of our efforts in preventing or reducing the risks of forced or child labour in its supply chains. This specific mandate should take place in H2 2025 of MTLC fiscal year. Recognizing the importance of ongoing improvement, we understand that regular monitoring and evaluation of the impact of our remediation measures are essential and are in the process of developing a framework with which to do so. This would help us adapt and improve our strategies over time, ensuring they are effective in mitigating the loss of income to vulnerable families.

## **11. Outlook**

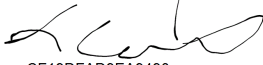
MTLC remains committed to its efforts to combat forced child labor and uphold ethical labor practices. We will continue to prioritize the well-being and rights of children within our operations and supply chain, and we will work tirelessly to ensure that our business practices reflect our commitment to respect, dignity, and human rights.

Thank you for your continued support and trust as we pursue our mission to build a more just and sustainable world for all.

## **12. Authority of Report**

This Report was approved by the directors of MTL Cannabis Corp., on its own behalf, and on behalf of the other entities in the Organization as their direct or indirect controlling shareholders on May 31, 2025.

In my capacity as a Director of MTL Cannabis Corp. and not in my personal capacity, I am making this attestation in accordance with the requirements 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 entities listed above. Based on my knowledge, and having exercised reasonable 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.

DocuSigned by:  
  
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Name: Richard Clement  
Title: Chair of the Board  
Date: MTL Cannabis Corp.  
I have the authority to bind MTL Cannabis Corp.

## **SCHEDULE 'A' REPORTING ENTITIES**

1. MTL Cannabis Corp.
2. Montreal Cannabis Medical Inc.

3. IsoCanMed Inc.
4. ABBA Medix Corp.
5. Canada House Clinics Inc.