

HAB CANN HOLDINGS LTD. and HERITAGE CANNABIS HOLDINGS CORP.

2025 FORCED AND CHILD LABOUR REPORT

1. INTRODUCTION

This report is published pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (S.C. 2023, c. 9) (the "**Act**") and pertains to HAB Cann Holdings Ltd. ("**HAB**") and its wholly owned subsidiary, Heritage Cannabis Holdings Corp. ("**Heritage Cannabis**") (collectively, the "**Company**" or "**our**" or "**we**").

This report sets out the steps we have taken and are continuing to take to combat forced and child labour in our business and supply chains. This report covers activity for the reporting period beginning November 1, 2024 ending October 31, 2025, the Company's fiscal year end (the "**Reporting Period**").

SCOPE OF THIS REPORT

This report is made pursuant to section 11 of the Act in respect of HAB Cann Holdings Ltd. and Heritage Cannabis Holdings Corp. (together, the "**Entities**"). It also describes, for completeness, the activities of controlled subsidiaries, including Heritage Cannabis East Corporation, Heritage Cannabis West Corporation and Mikey's Legacy Gardens Inc., where relevant to the Entities' structure, activities and supply chains.

2. OUR BUSINESS

The Company is a cannabis business in Canada. HAB is the parent company to each of Heritage Cannabis, Heritage Cannabis East Corporation ("**Heritage East**"), Heritage Cannabis West Corporation ("**Heritage West**"), and Mikey's Legacy Gardens Inc. ("**Mikey's Legacy**"). Aside from acting as the controlling entity, through its ownership, of each of Heritage Cannabis, Heritage East, Heritage West, and Mikey's Legacy, HAB is not involved in the activities, operations, supply chains, etc. of the Company.

Through Heritage West and Heritage East, the Company holds licences under the *Cannabis Act* (Canada) (S.C. 2018, c. 16) and its relevant regulations, the *Cannabis Regulations* (Canada) (SOR/2018-144).

Heritage West, a holder of a standard cultivation, standard processing, sale for medical purposes, and research licences as well as an industrial hemp licence, operates out of a 15,500 square foot facility in Falkland, British Columbia.

Heritage East, a holder of a standard cultivation, standard processing, sale for medical purposes, and research licences as well as an industrial hemp licence, operates out of a 122,000 square foot facility in Fort Erie, Ontario. Heritage East and Heritage West produce and sell to the recreational and medical cannabis markets within Canada. Heritage East and Heritage West also export, for medical or scientific purposes, to select international markets.

During the Reporting Period, the Company acquired Mikey's Legacy, which holds a Health Canada licence for cultivation and processing under the *Cannabis Act* (Canada), originally granted in October 2020. Mikey's Legacy is licensed for the cultivation and processing of cannabis, including plants, seeds, and dried and fresh cannabis products, and conducts cultivation operations in Perth, Ontario.

We consider the risk of forced and child labour occurring in our business to be minimal. Geographically, our business operates in Canada, where the Global Slavery Index indicates a low incidence of forced and child labour and a low risk of vulnerability coupled with strong governmental oversight of the issue. Furthermore, our workforce is governed by and adheres to the relevant federal and provincial labour and employment standards, alongside our internal policies regulating recruitment, labour sourcing, working conditions and the ethical treatment of our employees.

3. STEPS TAKEN TO PREVENT AND REDUCE THE RISK OF FORCED LABOUR AND CHILD LABOUR

We acknowledge and consider it our responsibility to combat forced and child labour and are committed to acting ethically and with integrity and transparency. We have put systems and controls in place to safeguard against any form of forced or child labour taking place within our business and supply chains. Since the enactment of the legislation and the publication of the policy guidelines, the Company has undertaken to complete the following steps to understand potential forced labour and child labour risks, namely:

Conducting a risk assessment of its supply chain; understanding the parts of its supply chain that may carry a risk of forced labour being used, which may, for example, be based on factors such as the general sectors, industries, or types of products or countries that are involved; reviewing and updating or developing and implementing policies and practices related to forced or child labour and the remediation of such; and developing training and education for employees on forced and child labour.

In addition to the steps addressed in prior reporting periods, in order to understand potential forced labour and child labour risks, we have completed the following additional steps:

- conducted an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains;
- developed and implemented an action plan for addressing forced labour and/or child labour;
- addressed practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour;
- developed and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains;
- required suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains;
- developed and implemented child protection policies and processes;
- developed and implemented anti-forced labour and/or child labour contractual clauses;
- developed and implemented anti-forced labour and/or child labour standards, codes of conduct and/or compliance checklists;
- audited and monitored suppliers;
- developed and implemented training and awareness materials on forced labour and child labour;
- developed and implemented procedures to track performance in addressing forced labour and child labour; and engaged with supply chain partners on the issue of addressing forced labour and/or child labour.

4. OUR SUPPLY CHAINS

The Company sources a considerable portion of goods and services from a select group of suppliers and opts to foster strategic and long-term relationships while engaging with all suppliers in an ethical way. Following the acquisition and integration of Mikey's Legacy, the Company has also incorporated Mikey's

Legacy's operations, supplier relationships, and procurement activities into its broader compliance and supply chain oversight framework. Mikey's Legacy's farming operations in Perth, Ontario involve the sourcing of agricultural inputs, cultivation supplies, packaging materials, and related operational goods and services, all of which are subject to the Company's existing procurement oversight, supplier management processes, and forced and child labour compliance measures. The Company has taken steps to onboard Mikey's Legacy into its existing HR, procurement, and supplier compliance policies and continues to assess and map Mikey's Legacy's supply chain as part of the Company's enterprise-wide risk management and compliance program.

We recognize the potential existence of forced and child labour risks in our supply chains, particularly concerning tangible goods manufactured by indirect suppliers and sub-contractors located further down the supply chain over which our control and visibility is limited. The majority of our annual procurement of tangible goods pertains to recreational and medical cannabis products sold to customers and clients throughout Canada. These purchases primarily originate from the provincial boards as well as reputable, well-established suppliers who are also subject to obligations under the Act. The Company also procures certain goods and supplies from suppliers based in the United States and China. While these suppliers are generally limited in number and selected based on reliability and established business relationships, the Company recognizes that certain foreign jurisdictions, including China, may present heightened risks relating to forced and child labour within broader supply chains. As part of its ongoing supplier due diligence and risk management practices, the Company seeks to assess supplier reputation, operational transparency, and compliance practices prior to engagement and throughout the supplier relationship. Furthermore, the Company has significantly reduced its dependency on foreign suppliers in a move to rely almost exclusively on Canadian supplied and sourced products. To this end, the Company prioritizes sourcing from suppliers subject to comparable regulatory and compliance obligations where possible.

Generally, in order to prevent and reduce the risk of forced labour and child labour in our supply chains, the nature of the Company's supplier relationships take on the following qualities: increased control and visibility of the Company's suppliers through ERP software, which improves access to information within the Company and improves collaboration with our supply chain vendors; limited number of suppliers utilized to maintain control and visibility; focused goal of ensuring the majority of the suppliers are regional and based out of Canada with allowance for a few global suppliers based out of the USA and China; and suppliers chosen in order to meet the Company's goals of obtaining direct, long-term, and reliable suppliers. The Company applies these same supply chain oversight and risk assessment practices to Mikey's Legacy and its suppliers, including suppliers associated with cultivation operations, agricultural inputs, packaging, and related farming activities. The integration of Mikey's Legacy into the Company's compliance framework is intended to support consistency in supplier oversight, risk identification, and mitigation measures across all Company operations and subsidiaries.

5. OUR POLICIES AND DUE DILIGENCE PROCESSES

5.1 Human Resources Policy Manual

The Human Resources Policy Manual on the Code of Ethics and Conduct ("**HR Manual**") applies universally across Heritage Cannabis' community, to all of our executives, officers, directors and employees at all levels. The HR Manual addresses ethical behaviour within our workplace, business dealings, and interactions with third parties. Embedded in the HR Manual are principles reflecting our objective to promote socially responsible conduct and corporate responsibility. It identifies the expected standards of conduct for all individuals under its purview in their day-to-day activities and engagements. Moreover, it

elucidates the fundamental responsibilities of our leaders, who are entrusted with exemplifying ethical excellence and fostering a work environment that embodies the essence of the code.

5.2 Supplier's Policy Manual

Our Supplier's Policy Manual ("**Supplier Manual**") applies universally across Heritage Cannabis' community, and outlines the code of conduct that serves as a framework to guarantee that our business associates, suppliers, and manufacturers adhere to fundamental expectations in conducting business, particularly concerning issues of concern like forced and child labour. We anticipate full compliance with the code of conduct from all of our suppliers, as it is an integral component of every agreement between the Company and its suppliers. It is also imperative that suppliers abide by all pertinent laws and regulations governing their operations. Any form of unlawful or prohibited conduct, including forced or child labour, will not be tolerated under any circumstances by the Company.

Our Company requires suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains. In 2024, we implemented the Supplier Attestation Statement on Forced Labour and Child Labour ("Attestation") to all of our suppliers. The Attestation was based off of the S-211 Bill and the Act outlining our expectations for our suppliers to adhere to the following policies: labour rights, forced labour, child labour, risk mitigation, and ethical business conduct.

We also maintain internal standard operating procedures governing supplier and client management. These procedures require suppliers and manufacturers to adhere to all applicable laws and regulations, including the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

6. ASSESSING AND MANAGING OUR RISK

Heritage Cannabis uses a risk-based approach to assess and manage its risk of forced labour and child labour. Our approach helps us prioritize our efforts and adjust our actions. Our approach to identifying risks includes assessing whether our suppliers or their manufacturing sites are based in countries, or supply products, that are considered high-risk based on the Global Slavery Index. During the Reporting Period, the Company continued to assess its supply chain by reviewing supplier locations, supplier relationships, and the nature of goods procured, with particular attention given to suppliers operating in jurisdictions identified as carrying elevated forced labour and child labour risks. The Company also continued to prioritize procurement from established suppliers subject to Canadian regulatory obligations and maintained oversight measures intended to improve visibility into supplier operations and supply chain activities.

Heritage Cannabis analyzed forced and child labour risks in our supply chains in 2026 and will continue to do so going forward on an annual basis. The following tools were implemented to help mitigate risks identified relating to the Company, supply chain, and industry at large:

- evaluated new suppliers based on their environmental, social, and governance measures and practices;
- built in provisions to our supplier contracts to ensure enforcement of forced labour and child labour restrictions (supplier quality agreement);
- assessed suppliers by capturing, tracking, and quantifying inherent risks, with criteria used to assess suppliers on forced labour and child labour exposure including risk to business performance and operations, location-based legal and/or regulatory considerations, removal of

indirect suppliers, exposure to operational processes through third-party audits, and supplier reputation;

- conducted due diligence assessments of suppliers;
- continuously monitored suppliers;
- implemented forced labour and child labour provisions into supplier contracts.

7. OUR REMEDIATION MEASURES

During the Reporting Period, we did not identify any incident of forced labour or child labour in our business or supply chain. We therefore did not take any measures to remediate any incident of forced or child labour. In addition, because the Company did not identify any instances of forced labour or child labour in its activities or supply chains during the Reporting Period, the Company did not take any measures to remediate the loss of income to vulnerable families resulting from measures taken to eliminate forced labour or child labour.

Our HR Manual and Supplier Manual include channels for employees and suppliers to report ethical or legal violations, alongside other concerns. Should we become aware of or uncover any potential or confirmed instances of forced or child labour within our supply chains, the Company will promptly investigate and implement appropriate corrective actions, which may involve halting, preventing, or mitigating any adverse effects. The Company's reporting and compliance processes are intended to support the timely identification, escalation, investigation, and management of any potential forced labour or child labour concerns that may arise within the Company's operations or supply chains.

8. TRAINING OUR EMPLOYEES

In addition to all new employees receiving training, Heritage Cannabis provides continuous mandatory training sessions for all staff members to ensure a thorough grasp of the HR Manual and the Supplier Manual, our core principles, our values, our ethical standards, and how to report any areas of concern. These training materials were recently updated internally and encompass subjects related to labour rights, forced labour, and child labour. Including in connection with the acquisition of Mikey's Legacy, the Company has integrated all new employees into its training and compliance framework to support consistent awareness of the Company's policies, ethical standards, and reporting procedures across all operations and subsidiaries.

In 2025, Heritage Cannabis introduced specialized training sessions for the Company key employees focused on increasing awareness on child and forced labour, as well as providing such key employees with an understanding of the basic principles of the Act and other relevant legislation. These sessions also provided guidance to our key employees who deal with suppliers and management on identifying potential human rights risks when dealing with suppliers.

9. ASSESSING OUR EFFICACY

Heritage Cannabis acknowledges the significance of unwavering vigilance in detecting and mitigating any instances of forced and child labour throughout our business and supply chains. We have implemented various measures to proactively prevent and minimize the risk of such labour occurrences: on-boarding procedures and policies for potential new suppliers that include risk assessments, adherence to the Act, and ensuring supplier policies are in place; regular audits to ensure compliance with current policies; tracking supplier performance indicators through our cloud-based software (i.e., employee awareness, number of cases reported through grievance methods, etc.); and working with suppliers to ensure a thorough understanding of forced and child labour laws.

During the Reporting period, we have continued to monitor and evaluate the effectiveness of the Company's forced labour and child labour compliance measures through ongoing review of supplier oversight processes, employee awareness initiatives, supplier onboarding procedures, grievance reporting channels, and supplier performance indicators tracked through the Company's cloud-based systems. The Company intends to continue conducting periodic reviews of these measures and processes on an annual basis, at a minimum, in order to assess the effectiveness of its efforts to prevent and reduce forced labour and child labour risks within its operations and supply chains.

10. APPROVAL AND ATTESTATION

This report has been approved pursuant to paragraph 11(4)(a) of the Act by the Board of Directors of HAB Cann Holdings Ltd. and by the Board of Directors of Heritage Cannabis Holdings Corp.

In accordance with section 11(5) of the Act, the undersigned, being a member of the governing body of each entity that approved this report, signs this report on behalf of the applicable entity.

D Thiessen
Per: _____

Name: David Thiessen

Title: Director of HAB Cann Holdings Ltd.

D Thiessen
Per: _____

Name: David Thiessen

Title: Director of Heritage Cannabis Holdings Corp.

May 14, 2026
Date: _____





260514- Report Update for Forced Labour Compliance - 2026 (final) (1)

Final Audit Report

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