

MODERN SLAVERY REPORT

For the reporting year 2023

Introduction

This report (the “**Report**”) is made jointly by Cronos Group Inc. (“**CGI**”) and its wholly-owned subsidiary Peace Naturals Project Inc. (“**Peace Naturals Project**,” and together with CGI, the “**Reporting Entities**”) and constitutes our forced labour and child labour reporting statement pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) for the fiscal year ending December 31, 2023 (the “**Reporting Year**”). In this Report, any reference to “**Cronos**”, the “**Company**”, “**we**”, “**us**” or “**our**” is a reference to all Reporting Entities.

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

Cronos took the following steps in 2023 to prevent and reduce the risk of forced labour or child labour in our business and supply chains:

- established an internal working group, the Modern Slavery Focus Group, composed of management representatives from Supply Chain, Procurement, Investor Relations and Legal, to review the impact of the Act on Cronos and assess the effectiveness of the actions taken to address the risks of modern slavery; and
- consistent with our policies, before engaging potential suppliers, we may conduct due diligence on such suppliers, depending on the feasibility of such review and our assessment of the level of risk the third-party service provider poses to our business operations and our information technology and financial reporting systems. Where feasible, we also conduct periodic reviews (typically annual) of certain third-party service providers, particularly service providers of financial, financial reporting and accounting systems, depending on our assessment of the level of risk to our business operations and our information technology and financial reporting systems.

Following the December 20, 2023 publication of the Government of Canada’s guidance document interpreting the Act and advising entities on the same, Cronos has adopted additional measures for 2024 that were under consideration during the Reporting Year before finalizing this Report.

Details of the above actions are set out in this Report.

Structure, Operations and Supply Chain

Structure

Cronos is an innovative global cannabinoid company committed to building disruptive intellectual property by advancing cannabis research, technology and product development. Our diverse international brand portfolio includes Spinach®, PEACE NATURALS® and Lord Jones®. Our principal product offerings include cannabis-derived products for medical and adult-use markets.

Cronos seeks to create value for shareholders by focusing on four core strategic priorities:

- growing a portfolio of iconic brands that responsibly elevate the consumer experience;
- developing a diversified global sales and distribution network;
- establishing an efficient global supply chain; and
- creating and monetizing disruptive intellectual property.

Headquartered in Toronto, Ontario, our common shares are listed on the Toronto Stock Exchange and on the NASDAQ Global Market under the trading symbol “CRON.”

Peace Naturals Project is a wholly-owned subsidiary of CGI. Its business activities and operations are described below.

More details about our business, including reportable segments, products and brands, and global operations and supply chain are available in our [Form 10-K for the fiscal year ended December 31, 2023](#).

Operations in Canada

In Canada, Cronos operates through a wholly owned license holder under the *Cannabis Act* (Canada), Peace Naturals Project, which is based out of a production facility near Stayner, Ontario (the “**Peace Naturals Campus**”).

The Peace Naturals Campus is engaged in processing, finishing, packaging and shipping activities, as well as research and development activities, including cannabinoid product formulation, product development, tissue culture and micro propagation.

In 2023, Cronos operated a second production facility in Winnipeg, Manitoba through its wholly-owned subsidiary Thanos Holdings Ltd. (“**Cronos Fermentation**”). Cronos Fermentation engaged in research and development to produce high-quality cultured cannabinoids at commercial scale. In addition to manufacturing cultured cannabinoids, scientists at the facility created cannabinoid product formulations, and engaged in product development. In August 2023, Cronos announced the planned wind-down of Cronos Fermentation and has since listed the facility for sale.

Operations Outside of Canada

The Company’s U.S. operating subsidiaries previously manufactured, marketed and distributed U.S. hemp-derived cannabinoid products through ecommerce, retail and hospitality partner channels in the United States under the Lord Jones® brand. In the second quarter of 2023, Cronos exited its U.S. hemp-derived cannabinoid product operations.

The Company’s Israeli subsidiaries hold the IMC-GAP, IMC-GMP and IMC-GDP certifications required for the cultivation, production, distribution, and marketing of dried flower, pre-rolls and oils in Israel, and distribute PEACE NATURALS® branded cannabis products to the Israeli medical market.

We distribute PEACE NATURALS® branded products along with other white-labeled cannabis products in the German medical market through our strategic partnership with Cansativa GmbH, a leading German cannabis company. In Australia, we distribute cannabis products through a distribution relationship with Vitura Health Limited (formerly known as Cronos Australia Limited). On May 7, 2024, we announced the expansion of the PEACE NATURALS brand into the United Kingdom medical market with our first shipment of cannabis flower to GROW® Pharma, a leading distributor of prescribed cannabis medicines in the United Kingdom.

Cronos anticipates that it will continue expanding in the geographic markets outside of Canada and Israel in which we currently participate and entering new geographic markets. By leveraging operational, manufacturing and regulatory expertise, quality standards and procedures and intellectual property, we believe that we are well-positioned to effectively access these markets. Subject to applicable regulatory approvals, strategic international business opportunities pursued by us could include:

- production, distribution, sales and marketing in jurisdictions that have passed legislation to legalize the production, distribution and possession of cannabis products at all relevant levels of government; and
- the export of cannabis products to markets that permit the import of such products.

Supply Chain

Cronos is focused on establishing an efficient global supply chain by seeking to develop industry-leading methodologies and best practices at the Peace Naturals Campus and leveraging this expertise to create beneficial production partnerships. We plan to continue to develop a global supply chain, which will employ a combination of wholly owned production facilities, third party suppliers and production partnerships, all of which will support the manufacturing of cannabinoid-based consumer goods.

The vast majority of our suppliers providing goods and services in support of our Canadian operations (“**Suppliers**”) during the Reporting Year are domiciled in Canada and the United States, although we appreciate that some of our Suppliers supply us with products that originate from other jurisdictions, and all have their own supply chains. Those Suppliers domiciled outside of Canada and the United States are primarily domiciled in Western Europe.

In the ordinary course of our business, Peace Naturals Project enters into spot market purchase agreements and supply agreements with suppliers of dried cannabis and other cannabis-derived products. All such dried cannabis and other cannabis-derived products are sourced in Canada. Our supply agreements, for the most part, do not obligate us to purchase minimum quantities of products and generally contain provisions permitting cancellation of orders or termination on notice. We also enter into contract manufacturing agreements with other cannabis license holders for certain manufacturing and processing services related to our products. These Suppliers represent a majority of our total vendor spend during the Reporting Year.

Of particular note is our relationship with Cronos Growing Company Inc. (“**Cronos GrowCo**”), our largest Supplier and from which we purchased approximately US\$21.335 million in goods during the Reporting Year. Cronos GrowCo is a strategic joint venture between Cronos and a group of investors led by Bert Mucci (the “**Greenhouse Partners**”), a Canadian large-scale greenhouse operator. Each of Cronos and the Greenhouse Partners owns a 50% equity interest in Cronos GrowCo. The production facilities of Cronos GrowCo are licensed by Health Canada under the *Cannabis Act* to engage in the cultivation, processing, distribution and sale of dried flower, cannabis seeds, cannabis plants, cannabis extracts, cannabis topicals and cannabis edibles, among other prescribed activities. Under its current licenses, Cronos GrowCo is permitted to sell certain cannabis products to other license holders in the wholesale channel, as well as to provincial cannabis control authorities. Our winddown of cultivation and certain production activities at the Peace Naturals Campus as well as the sale-leaseback of the Peace Naturals Campus and the Company’s intention to pursue a sale of Cronos Fermentation have increased the importance of Cronos GrowCo to our business and operations. Cronos GrowCo’s production facilities are our principal source of raw materials.

Policies

Our staff and Suppliers play a role in helping us to carry out our business activities in an ethical, legal and responsible manner. We have an expectation that they will uphold our corporate values and where applicable, familiarize themselves with our business conduct policies.

The following policies and standards guide our commitment to upholding our ethical responsibilities:

- *Code of Business Conduct and Ethics*: At Cronos, we are committed to conducting business in accordance with all applicable laws, regulations, and high ethical standards. The cornerstone of this commitment is the Company’s Code of Business Conduct and Ethics (the “**Code**”). The Code is built around the recognition that everything we do should and will be measured against high ethical standards. Our Code applies to all of our employees. In addition, contractors and suppliers, and third-party vendors also are expected to meet the standards contained in the Code. Among other things, the Code affirms our commitment to human rights and was updated in 2024 to reiterate that we (i) strongly condemn and do not use child or forced labor in any of operations or facilities, and (ii) expect our third-party suppliers and contractors to uphold this same standard.
- *Vendor Code of Conduct*: Our Vendor Code of Conduct (the “**Vendor Code**”) sets forth our standards and expectations for our Suppliers. As with our Code, our Vendor Code was updated in 2024 to reiterate our position regarding the use of child or forced labour among our Suppliers. The Vendor Code applies to all Suppliers.
- *International Trade Policy*: Our International Trade Policy requires our employees to comply with all applicable international trade laws and regulations that govern the movement of our products around the world and across international borders, including those related to economic and trade sanctions, import, export, environmental, and human rights issues.
- *Procurement Policy*: Our Procurement Policy establishes basic policies and procedures for the procurement of materials, services and externally manufactured goods, and confirms that compliance with our policies must always be maintained during the procurement process.
- *Whistleblower Policy*: Under our Whistleblower Policy, employees or suppliers have a responsibility to report suspected illegal or unethical behavior about Company employees or business partners, including with respect to forced or child labour.

Dule Diligence Processes

Cronos maintains a Vendor Due Diligence and Monitoring Process, pursuant to which we apply a risk assessment procedure prior to engaging with new Suppliers. The following is a summary of our due diligence processes related to assessing risks in our supply chain:

- Proposed Suppliers are expected to complete the Cronos Group Vendor Due Diligence Questionnaire, wherein they are required to provide information regarding, among other things, their ownership structure and business activities.
- We screen proposed Suppliers against reputable databases that monitor corporate enforcement action and sanctions, among other things.
- Based on the information provided in the Cronos Group Vendor Diligence Questionnaire and the results of our screening, a proposed Supplier is either approved, referred for additional due diligence, or rejected.

In 2024, we have taken measures to strengthen our Vendor Due Diligence and Monitoring Process, which include adding questions to the Cronos Group Vendor Diligence Questionnaire that relate specifically to human rights, forced labour, child labour and other forms of modern slavery.

Assessing Forced and Child Labour Risks

We believe that the risk of forced labour or child labour among our personnel is negligible. Our recruiting processes ensure compliance with the standards currently in force in Canada, the United States and Israel,

the only countries in which we have employees. In addition, we comply with the applicable labour, employment, and human rights laws in those jurisdictions.

Given that the vast majority of our total Supplier spend is with Suppliers domiciled in Canada and the United States, and that our total Supplier spend with Suppliers domiciled outside of Canada, the United States and Western Europe is negligible, we consider the overall risk of forced and child labour being present with our direct Suppliers to be low.

However, we appreciate that many of our Suppliers supply us with products that originate from other jurisdictions and have their own supply chains. Some raw materials have a higher forced labour and child labour risks due to conditions in the countries in which they are grown, or the typical practices associated with their production. We are conscious of this — especially concerning cocoa — and have taken measures to address this risk. With the 2024 launch of our Lord Jones® Chocolate Fusions™, we have sourced chocolate from a reputable, international supplier committed to working towards a sustainable cocoa industry, and respecting human rights. Our chocolate supplier applies an overarching human rights due diligence framework across both its direct and indirect supply chain modeled after the OECD Due Diligence Guidance for Responsible Business Conduct.

We appreciate that certain ingredients, and the countries they are sourced from, present a risk from a forced and child labour perspective and will continue to assess the extent to which those risks are present in our supply chains, and what additional steps may be necessary to reduce those risks.

Managing Forced and Child Labour Risks

Based on the nature of our business operations and our review of our existing policies and practices which address forced and child labour risks and other forms of modern slavery risks, we believe that the modern slavery risk in our operations is low. However, we continue to employ a multi-pronged approach to managing this risk, as detailed below.

Modern Slavery Focus Group

As noted above, in 2023, we established an internal working group, the Modern Slavery Focus Group, composed of management representatives from the Supply Chain, Procurement, Investor Relations and Legal departments, to review the impact of the Act on Cronos and assess and manage our risks from a modern slavery perspective.

Supplier Requirements

We continue to be guided by our policies and principles in our relationships with our partners, including working with reputable companies, who are required to comply with domestic and international laws. We rely on the cooperation of our Suppliers and expect them to meet high standards of quality and ethics, as outlined in our various policies and as discussed in this Report. Among other things:

- all Suppliers are expected to comply with our Vendor Code, which strongly condemns the use child labour, forced labour and modern slavery; and
- in 2024, we updated our standard form agreements to include, on a going forward basis, terms and conditions directing our Suppliers to conduct their business vis-à-vis Cronos in compliance with all applicable laws with respect to forced labour, child labour and modern slavery.

Compliance Hotline

Our Compliance Hotline, hosted by an independent reporting service, is available 24 hours a day, 7 days a week, from any location worldwide and is multi-lingual. Those using the line can choose to remain anonymous. The Compliance Hotline is also available online and can be used by anyone wishing to report a concern.

We encourage all leaders to foster an environment of productive discourse where employees feel comfortable raising concerns. Employees are encouraged to raise concerns with their managers, and they are also reminded that Human Resources, the Legal team, and the Compliance Hotline are all available for receiving concerns.

Along with robust, standardized operations and human resources policies, training, and oversight, the Compliance Hotline helps instill confidence that the risk of modern slavery in our owned operations is low.

In fiscal 2023, there were no reports or questions related to forced labour, child labour or modern slavery, including as related to our supply chains or operations.

Remediation

We did not identify any instances of forced labour, child labour or modern slavery in our activities or supply chains during the Reporting Year. We therefore did not need to take any remedial measures, including measures related to the remediation of the economic impacts on the most vulnerable families that can be associated with remediation efforts.

Training

Every year, we require employees at all levels in the Company to complete training on our Code. Code training is designed to ensure that our employees understand their obligation to comply with our Code and the behaviors expected under it. On an annual basis, all employees are required to certify that they have read, understand, and comply with our Code. Our policies are also regularly communicated to employees through internal communications and town halls as appropriate.

In addition, starting in 2024, we provide training to employees in select departments (Procurement, Supply Chain, Legal, Human Resources and Research & Development) on identifying the warning signs of modern slavery and what to do in response to the same.

Assessing our Effectiveness

Cronos has in place a number of measures to prevent and reduce the risk that forced labour, child labour or modern slavery is used in our activities and supply chains. While we have not yet taken any actions to assess the effectiveness of these measures, Cronos intends to assess its effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains at a later stage.

Approval and Attestation

This Report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Cronos Group Inc. for all Reporting Entities.

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 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.

Michael Gorenstein

Michael Gorenstein

Chairman, President and Chief Executive Officer

Chairman, Board of Directors

Cronos Group Inc.

May 29, 2024

I have the authority to bind Cronos Group Inc. and Peace Naturals Project Inc.