

# Modern Slavery Report 2023

## FoodState, Inc. DBA MegaFood

The logo for MegaFood, featuring the word "MegaFood" in a green, cursive script font with a registered trademark symbol (®) at the end.

This Modern Slavery Report (the “**Report**”) addresses the period from **January 1, 2023** to **December 31, 2023** “**Fiscal 2023**” and has been prepared in compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada)(the “**Act**”). This Report is made on behalf of **FoodState Inc. DBA MegaFood (“MegaFood”, - “we”, “us” or “our”)**.

### 1. Introduction

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As a leading Vitamin, Mineral, and Supplement (VMS) business, MegaFood recognizes the important role that we have in ensuring that our operations and products, and the supply chains that support these, adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour in our supply chain. This Report sets out the steps we have taken during Fiscal 2023 to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere by MegaFood or of goods imported into Canada by MegaFood.

### 2. Our Business

MegaFood is a VMS company headquartered in Londonderry, New Hampshire, USA. It uses over fifty years of scientific expertise to craft efficacious, planet-first vitamins and supplements powered by plants. MegaFood is a Benefit Corporation and is a 100% owned subsidiary of Pharmavite, LLC. It purchases raw ingredients from farmers, processed ingredients from suppliers and distributors, finished goods from contract manufacturers, and manufacturers in the state of New Hampshire, USA. In 2023, MegaFood procured ingredients and packaging from approximately 74 direct suppliers and 12 contract manufacturers.

Further information about our business can be found in our 2022 Impact Report.

### 3. Our Policies

#### **Policies**

Through our organizational and governance policies we communicate our values and expectations, setting a high bar for ourselves, our suppliers, and our selling partners, and make it clear that we do prohibit any forms of forced labour or child labour. We are committed to consistently evolving and improving our approach. We do prohibit child, forced or bonded labour in any of our operations or by suppliers working for us. As a subsidiary of Pharmavite, LLC, and a member of a global corporate network, MegaFood's policies include various global policies which MegaFood has adopted and relies on, as set out below.

#### **Global Code of Business Ethics**

We are committed to conducting our business in a lawful and ethical manner. Our Global Code of Business Ethics (the Code) is the foundation of our company policies and sets out guiding principles on professional conduct and establishes that in performing their job duties, MegaFood employees should always act lawfully, ethically, and in the best interests of MegaFood. The Code outlines our uncompromised commitment to the highest standards of ethical conduct.

#### **Global Business Partner Code of Ethics**

Our Global Business Partner Code of Ethics was developed throughout the course of 2023 and approved by the governing Board at the beginning of 2024. The Business Partner Code of Ethics details the requirements and expectations we have for how our business partners will conduct their business. We expect our business partners to comply with all applicable legal requirements in the jurisdictions in which they operate and consistently monitor and enforce our Business Partner Code of Ethics in their own operations and supply chain. Our Business Partner Code of Ethics also sets forth our principles related to human rights, labor and employment practices, ethical business practices, environmental management, privacy, confidentiality, quality, and operational excellence. We expect that the business partners with whom we engage are committed to these same principles.

#### **Global Human Rights Policy**

We recognize that respect for human rights in every aspect of our business activities must be the premise upon which we build to meet the expectations of our stakeholders, create new value, and contribute to the health and well-being of people all over the world as we continue to grow sustainably. We have adopted the Global Human Rights Policy to guide our efforts to promote human rights initiatives, focusing on four key operating principles which are human rights due diligence, dialogue and consultation, education and awareness raising, and salient human rights issues.

#### **Global Speak-Up Policy**

MegaFood is committed to high standards of business conduct. In line with this commitment, we have the right and the duty to raise, in good faith, concerns about improper business

conduct without fear of retaliation in any form. Allegations of any breach of our policies or any non-compliant and unethical matters are taken seriously. MegaFood has an Integrity Hotline where individuals can anonymously report concerns. The Integrity Hotline was also made available externally on MegaFood's webpage in its Code of Conduct to facilitate accessibility to external individuals, furthering MegaFood's commitment to an ethical business culture. Retaliation against anyone speaking up in good faith is strictly prohibited, as specified in our Global Code of Business Ethics and Business Part Code of Ethics.

### **MegaFood's Local Supplier Code of Conduct**

MegaFood's Supplier Code of Conduct, which can be found on our company website, details the requirements and expectations we have of our suppliers, their supply chains, and with whom we engage. We expect our suppliers to comply with all applicable legal requirements in the jurisdictions in which they operate and consistently monitor and enforce our Supplier Code of Conduct in their own operations and supply chain. We engage with suppliers that are committed to these same principles and suppliers commit to these standards as a condition of doing business with us. In 2023, we reviewed our Supplier Code of Conduct and compared it against other sustainable brands to ensure that the policy is in line with current best practices. In 2024, we are planning to require supplier signatures as an added measure to ensure compliance. Specific language around forced, and child labour is in detail below:

- **“All labour must be voluntary:** Forced, bonded, slave, unpaid prison or indentured labour are not tolerated.
- **No child labour:** Suppliers must not use child labour. The term “child” refers to a person under the age of 15 or, if older, the legal minimum age for employment or for completing compulsory education specified by applicable local and national laws. Suppliers employing young persons will also comply with any laws and regulations applicable to such persons. The term “young persons” means persons who are under age 18 but who do not meet the definition of “child” set forth above.
- **Be honest:** MegaFood expects all suppliers to report conduct that violates the law, Code of Conduct, or undermines the integrity of the ethical sourcing program so that it can be addressed collaboratively. If anyone feels uncomfortable making a report directly or if they prefer to place an anonymous report in confidence, they are encouraged to use Global EthicsPoint hotline, hosted by an independent third-party hotline provider. Within the Code of Conduct, a website and toll-free number are listed; here, individuals may submit anonymous reports relating to violations.”

### **Due Diligence**

We expect third parties with which we work to adhere to business principles and values similar to our own and to comply with all applicable laws and regulations. Before making any commitments towards third parties, we take steps to appropriately evaluate the relationship and mitigate any associated risks by carrying out risk-based due diligence and checks.

We acknowledge that employees working in our facilities and our supply chain are at potential risk of forced labour or child labour. To mitigate this risk, we follow a due diligence approach that may include:

## MegaFood - Modern Slavery Report 2023

- Code of Conduct acknowledgement
- Supplier visits
- Reviewing third-party audit reports
- Tracking implementation and results

We also understand that some ingredients inherently have more social or environmental related risks. That is why we try to source these ingredients with third-party certifications like Round Table on Responsible Palm Oil (RSPO) Certified palm oil which prohibits child labour. The RSPO standard is “designed in line with international and local standards including the [SDG principles](#), [UN Guiding Principles on Business and Human Rights \(2011\)](#), and the [ILO Conventions on Forced Labour, Abolition of Forced Labour, Minimum Age, Worst Forms of Child Labour](#) and more.”

### 4. Assessing Our Risk

MegaFood engages in various activities to identify, assess, and manage supplier risk. In assessing the risk of forced and child labour in MegaFood’s business and supply chains, we refer to external data sources like the [USA Department of Labor List of Goods Produced by Child Labor or Forced Labor](#), engage with peers, consult with external experts, are [Sedex](#) members, and conduct risk assessments. In 2023, we conducted a Sustainable Sourcing Assessment with external consultants utilizing [HowGood’s Latis Tool](#) and [THESIS](#) KPIs and identified possible interventions for high-risk ingredients. To identify ingredients with the greatest exposure to these risks, we considered the following factors:

- Long, complex, or non-transparent supply chains
- Presence of child labor (per the guidance of the [USA Department of Labor List of Goods Produced by Child Labor or Forced Labor](#))
- Jurisdictional risks including poverty, conflict, and enforcement of international human rights standards (by evaluating countries/regions of origin)

Our exposure to the risk of forced labour and/or child labour increases when we engage with third parties, particularly in categories such as ingredient suppliers, manufacturing, packaging, and promotional goods suppliers. We discuss further in the “Our Commitments” section below how we manage the risks identified above.

### 5. Our Commitments

In 2023, MegaFood worked with external consultants to assess human rights risk in their ingredient supply chain through the resources mentioned above and is building a roadmap to increase the number of ingredients sourced with fair trade certifications to mitigate human rights-related risk. We also reevaluated our code of conduct to ensure we keep up with best practices. As a Sedex member, we reviewed supplier SMETA audits and relied on third-party certification for certain ingredients, like palm oil.

No measures were taken to remediate any forced or child labor, as no cases were identified or made known to us. No measures were taken to remediate the loss of income to the most vulnerable families

that would result from any measure taken to eliminate the use of forced or child labour in our activities and supply chain as no cases were identified or made known to us.

Key internal stakeholders from MegaFood's Sourcing, R&D, and Sustainability and Social Impact Teams participated in a training to review the results of the Sustainable Sourcing Assessment. Annual training for all employees leveraging our Global Business and Human Rights training will take place; however, due to organizational changes, it was not completed in 2023. It was completed in 2022 and is scheduled for 2024.

### **MegaFood's steps to Prevent and Reduce Risks of Forced and Child Labour**

- Contracting an external assessment of risks of forced labour and/or child labour in the organization's activities and supply chains
- Carrying out a prioritization exercise to focus due diligence efforts on the most severe risks of forced and child labour
- Developing and implementing anti-forced labour and/or child labour standards, codes of conduct and/or compliance checklists
- Reviewing 3rd party audit reports
- Developing and implementing training and awareness materials on forced labour and/or child labour

### **Remediation Measures**

Our Code of Business Conduct and Ethics and our Global Speak-Up Policy expect all employees and contract workers of MegaFood to report actual or possible misconduct. We also undertake diligence efforts (as further described in this Report) to ensure that the risk of forced labour and child labour is mitigated in our business. In the event that we discover any forced labour or child labour in our business and supply chains, we may take the following measures to remediate such forced labour or child labour:

- Elevate the event to the MegaFood Executive Team
- Suspension or termination of a supplier, sub-supplier, or contractor
- Issue a Supplier Corrective Action Report (SCAR)
- Give the supplier 30 days to remediate the action to MegaFood's satisfaction
- Actions to prevent forced labour or child labour and associated harms from reoccurring

### **Training**

Every year, MegaFood employees at all levels are required to complete a mandatory Code of Business Ethics training to ensure that our Code of Business Ethics is understood and properly applied to our daily activities. Every new employee of MegaFood must complete mandatory online training on our values and policies, including our Code of Business Ethics, and is informed of how to report wrongdoing under our Global Speak-Up Policy. We provide employees with ongoing and periodic training opportunities to ensure that all employees have current knowledge. In addition, in 2022, employees completed Human Rights training that explained the concept of "Business and Human Rights," the Global Human Rights Policy, and the UN Global Compact. This is scheduled to take place again in 2024 but was skipped in 2023 due to organizational changes.

## 6. Our Progress and Effectiveness

As part of our governance processes, we monitor compliance with our policies on an ongoing basis. We also review any concerns raised through the Global EthicsPoint hotline and other informal mechanisms of employee feedback. To date, no significant concerns or complaints have been identified.

We have selected certain key performance indicators (KPIs) with respect to human rights, including forced labour and child labour, and such KPIs are reviewed by MegaFood's executive team on an annual basis. Any non-conformances identified are dealt with by the appropriate teams. Support is provided to suppliers where necessary to resolve any issues raised.

We also assess the effectiveness of our policies by:

- Tracking relevant performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms, and numbers of contracts with anti-forced labour and child labour clauses
- Partnering with external organizations to conduct an independent review or audit of the organization's actions

## 7. Approval & Signature

In accordance with paragraph 11(4)(a) of the Act, this Report was approved by MegaFood's Board of Directors on 05/28/2024 and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our U.S. company website at [<https://megafood.com/pages/canadas-modern-slavery-act>] and our Canadian website at [<http://MegaFoodCanada.com/store/canadas-modern-slavery-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 this Report for MegaFood. Based on my knowledge and having exercised reasonable diligence, I attest that the information in this Report is true, accurate, and complete in all material respects for the purposes of the Act for the reporting year listed above.



Stacia Betley

Director of Sustainability and Social Impact, May 29, 2024

I have the authority to bind MegaFood.