

Report on Compliance with Bill S-211

Introduction

This report has been prepared in accordance with the requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“the Act”) in relation to the May 31, 2024 fiscal year end. This report outlines the steps taken by Merrithew International Inc. (“Merrithew”) during the 2024 fiscal year to prevent and reduce the risk of forced labour or child labour at any step of the production of goods or of goods imported into Canada by the entity.

Structure, Activities and Supply Chains

Founded in 1988 and headquartered in Toronto, Ontario, Merrithew is Canadian based developer, manufacturer and retailer of Pilates equipment, accessories, content and education worldwide. Merrithew’s innovative education and certification programs for fitness instructors operate under several global brands including STOTT PILATES®, ZEN•GA®, Total Barre®, Halo® Training, Merrithew Fascial Movement and CORE™ Athletic Conditioning and Performance Training™.

In 2022, a private equity firm, ONCAP, acquired Merrithew in partnership with Merrithew’s co-founders, Lindsay and Moira Merrithew. Merrithew is committed to ethical labour practices in its operations and the supply chain.

Merrithew’s line of fitness equipment is sold globally. Merrithew sources materials for the manufacturing of these equipment and accessories from domestic and international suppliers with its production plant in Scarborough, Ontario.

Steps taken to prevent and reduce the risk of forced labour or child labour

Merrithew is developing policies and processes to prevent and reduce the risks of forced labour and child labour in its operations, supply chain and related parties. These policies and processes apply entity-wide and support a commitment to upholding human rights. Merrithew has a zero-tolerance policy for human rights violations, which extends to the use of forced labour and child labour. In addition to Merrithew’s existing human rights policies and practices, Merrithew is taking additional steps to prevent and further reduce the risk of forced or child labour in our supply chains, including:

- Involve third-party consultants to advise on international best practices regarding the prevention and reduction of forced labour and child labour in supply chains.
- Implementing awareness training and information to our Supply Chain Management department regarding modern slavery risks and developing further training to deploy in 2024.
- Identifying the areas of our business and supply chains that carry a higher risk of forced labour and child labour and taking steps to actively manage that risk.

In addition to the above, further action is being taken to prevent and reduce the risk of forced or child labour in any step of the production of goods in Canada, or in the global supply chain, including but not limited to:

- Mapping our business activities and supply chains to help identify where risks of forced or child labour might exist. Merrithew will conduct an internal assessment of risks of forced or child



labour in Merrithew's activities and supply chains. This assessment is risk-based, focusing on large, repetitive purchases that directly support our operations.

- Merrithew will be requiring all suppliers, both domestic and international, to adhere to strict labour standards. Suppliers will be required to complete a questionnaire detailing their own policies and practices related to forced labour and child labour. Further, suppliers will be required to annually sign off on a Merrithew Supplier Charter ("Charter"). The Charter outlines Merrithew's requirements regarding the ethical standards and business conduct of our suppliers. All suppliers will be required to adhere to the Charter, and this requirement will be incorporated into contractual requirements. Under the labour and human rights provisions of the Charter, all suppliers will be required to attest to operating in a socially responsible and non-discriminatory manner, in full compliance with all applicable laws, and must respect the human rights of workers.
- Merrithew has identified certain areas of its business and supply chains that carry a risk of forced labour and child labour, based on countries and goods that are at a higher risk for human rights violations. Merrithew is developing processes to manage these risks during onboarding and throughout the duration of the relationship with the supplier, as outlined in the section above and through annual audit outlined below.

The Charter and supplier questionnaire will help ensure suppliers are committed to ethical labour practices and provides transparency into their operations.

Remediation of any forced labour or child labour

Merrithew will begin monitoring and auditing its suppliers and supply chain to identify any instances of forced labour or child labour during 2025. This may include both on-site inspections and collaboration with third-party consultants to ensure compliance with labour standards. Processes are being developed to manage these risks throughout the duration of the relationship with the suppliers, as outlined above.

Merrithew will establish an incident management process to ensure the stakeholders respond effectively and on a timely basis. Any violations will be investigated, escalated to the Senior Management team and third party advice will be considered if necessary. Should a supplier or any related parties fail to comply with the Merrithew Supplier Charter or if the supplier fails to implement corrective actions, Merrithew may suspend or terminate the relationship with the supplier. Serious or repeated violations by a supplier may result in suppliers being delisted permanently.

Remediation of loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains

There is currently no remediation process in place for loss of income.

Employee Training

The company is developing training programs to educate employees about the risks and signs of forced labour and child labour. This training will emphasize the importance of ethical labour practices and encourages employees to report any concerns they may have.

Reporting Concerns



Merrithew believes in maintaining a culture where our employees feel empowered and supported in conducting business the right way and foster a “speak up culture” to encourage reporting of concerns about potential misconduct or violations of law or policy. If an employee, contractor or other third-party becomes aware of a potential issue involving forced labour or child labour, there are various avenues to report concerns, including through our Integrity Hotline. The Integrity Hotline facilitates the anonymous reporting of potentially illegal, unethical or improper conduct, and is accessible through multiple mediums, anywhere in the world, 24/7. Merrithew also strictly prohibits retaliation for good faith reporting of misconduct.

Effectiveness assessments to ensure that forced labour and child labour are not being used in the business and supply chains

To reduce and prevent the risk of forced and child labour within the operations and the global supply chains, Merrithew will assess the effectiveness of the programs to continuously improve the Human Rights program. The review and assessment includes, but not limited to:

- Merrithew will review the Employee Handbook and Supplier Charter for changes and compliance as it relates to forced labour and child labour.
- Continuously monitor the supply chain audits completed, tracking of corrective actions and remediation identified.
- Monitor the Integrity Hotline reports to understand any risks that require action and the effectiveness of this program.

Merrithew is fully committed to preventing forced labour and child labour within its operations and supply chain. Through the implementation of policies and initiatives, the company aims to ensure that all workers are treated fairly and ethically. Continued monitoring and collaboration with stakeholders will remain a priority as the company works towards maintaining compliance with Bill S-211 and upholding its commitment to ethical labour practices.



Approval and Attestation

The report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Merrithew International Inc.

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."

A handwritten signature in blue ink, appearing to read "Tony Baylis", is written over a horizontal line.

Tony Baylis
COO

Date: *May 30/2024*

I have the authority to bind Merrithew International Inc.