



Xiwang Iovate Holdings Company Limited, Iovate Health Sciences International Inc. and Iovate Health Sciences U.S.A. Inc.

Joint Annual Report for the Period dated January 1, 2023 to December 31, 2023

**Published in accordance with Canada's
*Fighting Against Forced Labour and Child Labour in Supply Chains Act***

1. Introduction

This Joint Annual Report (the "Report") is prepared and submitted on behalf of Xiwang Iovate Holdings Company Limited ("Xiwang"), Iovate Health Sciences International Inc. ("Iovate International") and Iovate Health Sciences U.S.A. Inc. ("Iovate USA", referred to collectively as "Iovate") in accordance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"), for the period from January 1, 2024 to December 31, 2024.

Xiwang is a corporation incorporated in British Columbia (Business Number: BC1084913), Iovate International is a corporation incorporated in Ontario (Business Number: 5047737), and Iovate USA is a corporation incorporated in Delaware (Business Number: 3744671). Each Iovate entity meets the thresholds for assets and revenue under the Act. Iovate does not report under supply chain legislation in other jurisdictions.

This Report provides information regarding the risks of modern slavery in Iovate's supply chain and sets out the actions taken by Iovate to mitigate those risks and respond to any known instances of forced labour or child labour. There have been no reported instances of modern slavery during the reporting period.

2. Structure, Activities & Supply Chains

Iovate is a dynamic, leading-edge nutritional company that develops, sources, distributes and sells innovative diet and sports nutrition supplements and natural health products globally. Iovate develops products under four nutritional brands, MuscleTech®, Hydroxycut®, Six Star® and Purely Inspired®. Headquartered in Oakville, Ontario, Canada, Iovate is a family of more than 220 employees.

Iovate International and Iovate USA are both 100% wholly owned subsidiaries of Xiwang. Xiwang is also the parent of several affiliate companies, Northern Innovation Holdings Corp. ("Northern"), Iovate Health Sciences UK INC Ltd., Iovate Health Sciences Europe Limited, and Iovate Health Sciences PTY Ltd. Northern is an Ontario incorporated company that owns the trademarks for each of the Iovate brands, MuscleTech®, Hydroxycut®, Six Star® and Purely Inspired®, and licenses the rights to the brand trademarks to Iovate International and Iovate USA. Iovate USA is the parent company of several



affiliates, including Muscletech LLC, Hydroxycut LLC, Six Star Pro Nutrition LLC, Purely Inspired LLC, SimpleVita Nutrition LLC, XP Sports LLC and Conscious Kitchen LLC.

Iovate manufactures its dietary and sports nutrition supplements through approximately 25 co-manufacturers located in the USA, Australia, India and the EU. For the majority of co-manufacturers, Iovate's business is under 50% of the line time. Iovate also has a licensing model by which Iovate International grants the right to international partners to manufacture, or work with co-manufacturers to manufacture, and distribute Iovate's products in various global regions, including India and Brazil.

Iovate's co-manufacturers source and purchase ingredients for Iovate's products from suppliers globally. In certain cases, particularly for key ingredients, Iovate may have a direct ingredient and license agreement with the ingredient supplier under which co-manufacturers purchase on Iovate's behalf. For most ingredients, the volume related to Iovate's business would amount to less than 50% of the line time for any ingredient supplier.

Iovate sells and distributes its products in approximately 90 countries worldwide. Internationally, Iovate distributes products through a distribution model whereby Iovate sells products to a distributor and the distributor is responsible for marketing and sales in the licensed territory. Iovate has distribution partners located in Latin America, the Middle East, Africa, Europe, Oceania, Asia and India. Iovate also operates a direct-to-consumer online store in North America, with order fulfillment facilitated through a third-party partner.

3. Policies and Due Diligence Processes in relation to Forced Labour and Child Labour

Preventing forced labour and child labour is an important objective for Iovate. We are working with suppliers to obtain increased transparency into our suppliers' policies and practices, and increased visibility into their own upstream suppliers.

In 2023, Iovate revised its onboarding process for new co-manufacturers and suppliers to add specific questions regarding compliance with modern slavery laws.

Iovate maintains a number of formal internal policies that ensure we are conducting business in an ethical manner, including Whistleblowing, Social Responsibility, Anti-Fraud and Anti-Corruption. The Iovate employee manual also contains an employee code of conduct and provisions regarding our harassment policy and drug and alcohol policy, in addition to other terms dedicated to employee health and safety.

In 2023, Iovate developed an Anti-Slavery Policy, which was subsequently approved and adopted by the Board of Directors in 2024. This policy is designed to educate employees on the risks of forced labour and child labour in our supply chain, set out responsibilities for employees, make employees aware of methods for reporting suspected incidents of modern slavery, and describe Iovate's approach to such reported concerns or actual findings of forced labour or child labour.



4. Risk of Forced Labour and Child Labour & Steps Taken to Manage Risk

We acknowledge that there is risk at multiple levels in our supply chain. Commodities are challenging to trace, and often our suppliers and co-manufacturers do not have visibility upstream because they purchase from distributors. Parts of our supply chain are in areas that contain a higher risk of modern slavery, and certain ingredients in our products carry a higher risk of forced labour or child labour. For example, some of our products contain ingredients contained on the United States Department of Labor 2022 List of Goods Produced by Child Labor or Forced Labor, such as green coffee or salt, and some of our packaging contains cotton. Since our co-manufacturers generally determine where they purchase these ingredients, and purchase most ingredients from distributors who have their own suppliers, there is a risk that these ingredients are purchased from areas with a risk of forced labour or child labour. Some of our ingredients, including protein and creatine, are sourced from China.

All of our manufacturing agreements with co-manufacturers and ingredient supply agreements include a compliance with laws provision, requiring our supply chain partners to comply with all applicable laws, including those relating to forced labour and child labour. Our contracts also generally include the right to conduct quality audits, including in-person facility visits.

We are exploring further steps we can take to prevent modern slavery in our supply chain. We are working to address the growing risks of modern slavery, particularly in higher-risk areas of our supply chain, by increasing due diligence, seeking more transparency from our suppliers, and considering contract amendments to add audit rights or transparency rights regarding forced labour and child labour, where appropriate.

5. Remediation Measures

In 2023, there were no whistleblower activities or reports of concerns relating to forced labour or child labour. As we have not encountered any instances of forced labour or child labour in our supply chain, the question of remediation is not applicable and no remediation measures have been taken to date.

Our approach to remediation of any instance of forced labour or child labour, and any measures to remediate the loss of income to the most vulnerable families that may result from any measure taken to eliminate such use of forced labour or child labour, would depend on the specific circumstances. Any response to a reported incident of forced labour would consider and be proportionate to the role of the facility in Iovate's supply chain and the importance of Iovate's business to the supplier or co-manufacturer (including the percentage of line time Iovate's purchases represent to the facility).

Any remediation response will consider the needs of the survivors of modern slavery and attempt to prevent the risk of further harm, where possible. Where Iovate's withdrawal of business could result in a catastrophic impact on the supplier's business, Iovate may work with the company to improve their practices, which may include involving a third party auditor to work with the supplier to regularly visit the facility and improve working conditions. If Iovate determines that the supplier's practices cannot be improved satisfactorily to prevent further incidents of forced labour or child labour, Iovate may elect to



stop working with the supply chain partner entirely, and will follow a slow extrication process where possible to minimize the impact of loss of income on vulnerable families.

6. Training

In 2023, Iovate developed a training program for employees explaining the company's policies to prevent forced labour and child labour. All employees on the Iovate procurement team and quality assurance team and others on an as-needed basis will be required to participate in this training.

All employees have access to Iovate's Anti-Slavery Policy and Whistleblower Policy and are encouraged to report any concerns or possible incidents of child labour or forced labour.

7. Measures to Assess Effectiveness

Iovate assesses its effectiveness in ensuring that forced labour and child labour are not being used in our supply chains by monitoring the number of reported incidents and conducting a review of whistleblowing activities. In 2023, Iovate had no reports of actual or alleged instances of forced labour or child labour, and no instances of whistleblowing.

Over the past year, Iovate has taken steps to identify and assess risks of forced labour and child labour in our supply chain. To address these risks, we implemented an Anti-Slavery Policy, added additional due diligence to our onboarding process to confirm compliance with modern slavery laws, and developed an employee training plan.


We acknowledge that we have further work to do to mitigate the risk of forced labour and child labour in our supply chain. We are considering taking additional steps, which may include implementing a new Supplier Code of Conduct to set out expectations for our suppliers and co-manufacturers, conducting regular reviews of suppliers, or contract amendments to add specific rights related to mitigating modern slavery risks, such as audit rights or rights to results of a third party audit.



Attestation:

This Report was approved by the Board of Directors of Xiwang Iovate Holdings Company Limited, the parent company of Iovate Health Sciences International Inc. and Iovate Health Sciences U.S.A. 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.

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| Signature: |  _____ |
| Name: | <u>Michael Liu</u> |
| Title: | <u>Managing Director</u> |
| Date: | <u>May 24, 2024</u> |

I have the authority to bind Xiwang Iovate Holdings Company Limited.