



B Lab Statement on Natures Way of Canada's B Corp Certification

B Lab's independent Standards Advisory Council has rendered the following decision and guidance regarding eligibility for B Corp Certification for companies in the pharmaceutical industry:

"B Lab and its independent Standards Advisory Council have determined that pharmaceutical companies are eligible for B Corp Certification if they have not engaged in specific prohibited practices in the last five years AND are meeting additional industry specific practice requirements outlined below..."

Nature's Way of Canada is required to disclose a summary of how it complies with these industry requirements as a part of its B Corp Certification. For more information on the specific requirements, please refer to B Lab's position statement on Pharmaceutical Companies [here](#).

Summary of Company

Nature's Way of Canada produces natural health products which includes vitamins and supplements. The company's operations include manufacturing of natural health products, quality assurance, regulatory compliance, and distribution across Canada. It also exports to the USA and Europe via intercompany channels within the Schwabe Group, and to other regions through third-party contract manufacturing and private-label agreements. Nature's Way Canada's products address multiple therapeutic areas, including general health, digestive health, immune support, cognitive health, cardiovascular health, and more. The portfolio consists primarily of Health Canada-licensed natural health products, such as omega-3 fatty acids, vitamins, minerals, herbal remedies, probiotics (98.6%) and food products, such as coconut oil, MCT oil (1.4%). The company does not do not manufacture or sell any branded, generic or over-the-counter pharmaceutical drugs.

Nature's Way of Canada Disclosure on Prohibited Practices

Pharmaceutical companies engaged in the following practices in the last five years, as demonstrated through company disclosures or through material, justified, and unresolved stakeholder concerns, are currently ineligible for B Corp Certification:

- Companies engaged in any form of lobbying or policy advocacy that endanger consumer safety, promote an anti-competitive environment (e.g. by opposing increased transparency measures), inhibit affordable pricing, or limit equitable access to medicine. This includes membership, Board involvement, or funding of industry associations that engage in such lobbying activities.



- Companies utilizing intellectual property strategies for branded products to influence an unjustified delay to the introduction of an authorized generic product to the market (e.g. “evergreening” patents).
- Companies engaged in price gouging as evidenced by significant and unjustified year-over-year price increases to their products.

Nature’s Way of Canada has been reviewed in accordance with B Corp Certification’s Disclosure Questionnaire and background check requirements, including disclosure of its involvement in lobbying and advocacy activities, intellectual property strategies, and price changes in order to verify it is meeting the above requirements regarding prohibited industry practices. The company’s approach to managing these material topics to the industry are further detailed below.

Nature’s Way of Canada Disclosure on Required Best Practices

1. *Adherence to credible national and/or international standards of safety, quality, and efficacy covering all relevant stages of the drug life cycle (i.e. drug development, supply chain, manufacturing, and distribution), which should include explicit systems to manage the risk of substandard medicines.*

Nature’s Way of Canada focuses on the manufacturing and distribution of [Health Canada–licensed natural health products](#), rather than pharmaceutical drugs. The company operates under Health Canada legislation and applies rigorous standards throughout the entire product lifecycle to ensure safety, quality, and efficacy.

The company’s operations encompass all key stages, from raw material sourcing and supply chain management to manufacturing, quality assurance, distribution, and post-market surveillance. Across these stages, Nature’s Way adheres to a range of national and international standards, including:

- Health Canada Natural Health Product Regulations for all natural health products.
- [GOED standards for omega-3 finished products](#).
- [Non-GMO](#), [Organic QAI](#), [GFCO](#), and [FOS](#) certifications for specific product categories.
- [CFIA Safe Food for Canadians Act](#) for food products, along with organic certification under QAI Standards.

For private-label products, Nature’s Way complies with the respective market’s regulations:

- In the United States, it follows [US FDA 21 CFR Part 111](#) and [California Proposition 65](#) requirements.
- In Israel, it aligns with local [GMP regulations](#) as defined by the national authority.



The company maintains a robust risk management system that includes supplier qualification and auditing, raw material testing for identity and purity, batch-level quality control, tamper-evident packaging, finished product testing before market release, and post-market complaint and adverse event monitoring.

- 2. A Code of Ethics and/or other policies applicable to all company employees and critical third parties that establish minimum expectations with regard to anti-corruption and bribery, lobbying and advocacy activities, company interactions with healthcare professionals/organizations, and ethical marketing (where applicable). The company must also have clear processes to enforce the Code, including an accessible whistleblowing channel, and regular training of staff and third parties on the Code.*

Nature's Way Canada upholds its commitment to ethical business conduct through its comprehensive Code of Conduct and Ethics, which applies to all employees, contractors, third-party manufacturers, distributors, and key suppliers. The company's ethical framework is aligned with the wider principles of the [Schwabe Group Code of Conduct](#).

Under this framework, Nature's Way Canada has established policies addressing the following areas:

- **Anti-Corruption and Bribery:** The company enforces a strict zero-tolerance policy against any form of corruption or bribery. Employees and business partners are prohibited from offering or accepting improper advantages. Regular mandatory training and internal audits reinforce this standard.
- **Lobbying and Advocacy:** All lobbying and advocacy efforts are conducted transparently and in alignment with public health objectives, particularly through collaborations with credible industry bodies such as the Canadian Health Food Association and the Global Organization for EPA and DHA Omega-3s.
- **Interactions with Healthcare Professionals and Organizations:** Nature's Way Canada maintains ethical engagement guidelines and disclosure requirements governing its relationships with healthcare professionals and organizations, ensuring that such interactions are based on scientific integrity.
- **Ethical Marketing:** All marketing and promotional materials undergo Regulatory review to ensure full compliance with Health Canada regulations and industry standards, and to avoid misleading claims or practices.

To ensure adherence to these principles, all employees and critical third parties are contractually obligated to follow the Code of Conduct. The company provides annual ethics and compliance training and operates an anonymous whistleblower hotline, managed by an independent third party, allowing for safe reporting of any suspected misconduct. Additionally,



internal compliance audits and corrective action procedures are regularly conducted to maintain accountability and continuous improvement.

- 3. Public disclosure detailing the company's approach to government affairs, inclusive of lobbying/advocacy and political activities. This should include disclosure of the material issues that the company lobbies/advocates for, their trade associations, and the controls they have in place in regards to political contributions, lobbying/advocacy on the company's behalf, revolving door policy, political contributions and donations.*

The company does not engage in political contributions or partisan lobbying, reflecting its independence and ethical conduct in all interactions with public authorities. Nature's Way Canada's advocacy activities are focused exclusively on public health and regulatory matters that advance consumer safety and product quality. The company actively supports:

- Transparency and consumer protection within Canada's natural health product regulations;
- Improved access to safe, effective, and evidence-based natural health products; and
- Collaboration with reputable trade associations, including the Canadian Health Food Association (CHFA) and the Global Organization for EPA and DHA Omega-3s (GOED), to promote responsible industry standards and informed regulatory dialogue.

Nature's Way of Canada applies strict governance and control mechanisms to ensure ethical conduct in all advocacy and government-related activities:

- No political donations or financial support to political parties, candidates, or campaigns are permitted under company policy.
- All advocacy and public policy engagements are subject to review by the Regulatory, Legal, and Compliance teams to ensure alignment with both legal obligations and ethical standards.
- The company enforces a clear prohibition on revolving door practices, preventing the recruitment of former government officials or regulators for the purpose of exerting influence.
- All interactions with public bodies are conducted transparently, based on factual information.

- 4. For companies involved in research & development, public disclosure of its R&D and intellectual property strategies and disclosure of annual resources invested in both internal and collaborative R&D activities.*

The company's R&D strategy is centered on innovation within the natural health product category, emphasizing the development of evidence-based formulations that meet both



consumer needs and Health Canada's Natural Health Product Regulations. Product innovation is driven by a commitment to safety, efficacy, and quality, achieved through:

- The use of clinically studied ingredients supported by credible scientific evidence;
- Collaborative research with academic and industry partners to advance natural health science; and
- Continuous improvement of formulations in line with evolving regulatory and market standards.

Nature's Way of Canada's intellectual property strategy prioritizes brand and formulation protection, use of scientific information, and transparency in claims. The company secures trademark protection for its branded products and maintains strategic partnerships with suppliers to access and utilize proprietary ingredients responsibly. These practices align with the Group's commitment to respect intellectual property rights, fair competition, and accurate scientific communication.

While Nature's of Way Canada does not issue a standalone public R&D report, relevant information regarding innovation initiatives, formulation development, and product substantiation is disclosed through product literature, regulatory filings, and trade association collaborations.

In the most recent fiscal year, the company invested approximately 1-5% of the company's total revenue in the last fiscal year in R&D activities, encompassing internal formulation development and collaborative research projects with external partners.

5. For companies involved in research & development for priority diseases, conditions, and pathogens identified in the Access To Medicine Index, R&D processes for both internal and collaborative R&D activities must include a framework to develop equitable access plans for such projects. Access plans must be project-specific and include detailed commitments and strategies to improve access to such products in low- and middle- income countries (LMICs).

Nature's Way Canada does not currently conduct R&D targeting the priority diseases, conditions, or pathogens listed in the Access to Medicine Index. The company's focus remains on preventive health and wellness through natural health products which includes vitamins/supplements.

6. For companies involved in sales, public disclosure of its approach to pricing which, at a minimum, utilizes pricing instruments that are generally accepted by public health agencies to set prices in all markets (such as internal reference pricing, external reference pricing, and value-based pricing). Additionally, for sales in LMICs, pricing strategies must prioritize the payer's ability to pay across different segments of a country's population and aim to improve access to those in need.



The company's pricing framework is based on several key factors, including ingredient costs, sourcing sustainability, market benchmarking, and consumer affordability. Prices are determined using a value-based approach, incorporating an industry-standard markup that balances business sustainability with accessibility for consumers.

In highly regulated markets such as Canada, the United States, and Europe, Nature's Way of Canada sets prices in accordance with industry norms and regulatory expectations, ensuring that all products remain competitively priced relative to the cost of goods while upholding high standards of safety, quality, and efficacy.

Although Nature's Way of Canada does not currently sell its products in low- and middle-income countries (LMICs), its overall pricing philosophy is consistent with the Group's commitment to fair market practices. This includes consideration of affordability and equitable access.

In the last five years, the company has implemented modest and justified price adjustments in response to external market pressures, particularly rising commodity and ingredient costs, most notably in fish oil used for Omega-3 products. These cumulative price increases, averaging approximately 4% per year (20% over five years), were carefully reviewed and approved by the Nature's Way Canada management team to ensure that they are related to and congruent with actual cost escalations.

All pricing decisions are formally documented, reviewed, and approved through internal governance processes. Consistent with the Group's compliance principles, Nature's Way of Canada ensures that no unjustified or excessive pricing occurs.

7. For companies involved in sales, companies have financial incentive structures for sales agents/teams designed to encourage responsible sales practices and minimize the risk of overselling (for example, by decoupling bonuses from sales volume).

Sales team members receive a base salary complemented by a performance-based bonus. These incentives are tied to a balanced set of metrics that emphasize:

- Account growth and the strengthening of long-term customer relationships;
- Strategic brand development to enhance market presence responsibly;
- Expansion of key customer partnerships; and
- Execution of promotional activity targets, measured through Gross-to-Net (GTN) outcomes to ensure profitability and sustainability.



While financial incentives are partially linked to sales performance, they are not volume-based, which minimizes the risk of overselling or unethical sales behavior. Instead, the structure promotes quality growth, ethical marketing, and customer trust.

Because Nature's Way Canada does not sell traditional drugs and medications, it does not face the same regulatory risks associated with aggressive or inappropriate sales practices.

B Lab's Public Complaints Process

Any party may submit a complaint about a current B Corp through [B Lab's Public Complaint Process](#). Grounds for complaint include:

1. Intentional misrepresentation of practices, policies, and/or claimed outcomes during the [certification process](#), or
2. Breach of the core values articulated in our [Declaration of Interdependence](#) within the B Corp Community.