

## **2024 Forced and Child Labour Report**

This Report is published pursuant to the Canadian *"Fighting Against Forced Labour and Child Labour in Supply Chains Act"*. It sets out the steps that Hammond Power Solutions ("HPS"), has taken and is continuing to take to combat forced and child labour in our business and supply chains. The Report covers activities for the calendar year 2024.

### **Our business**

HPS enables electrification through a broad range of dry-type transformers, power quality products and related magnetics. HPS' standard and custom-designed products are essential and ubiquitous in electrical distribution networks through an extensive range of end-user applications. As of December 31, 2024, HPS employs 2068 individuals and operates manufacturing plants in Canada, the United States (U.S.), Mexico, and India, serving a diverse global customer base.

### **Our values and commitment**

Our company values strongly align with our commitment to combat Forced Labour and Child Labour in Supply Chains. We've taken a stand in committing to a work environment that is free from human trafficking, including forced and child labour in our operations. We take pride in our longstanding relationships with numerous suppliers and share business in an ethical and socially responsible way. Our unwavering dedication to the safety and well-being of individuals within our supply chains drives us to continually assess and improve our practices. Regular reporting of important issues, such as forced and child labour ensures transparency for both internal and external stakeholders.

### **Our supply chain**

HPS values our suppliers/vendors as partners, and works to establish strategic, long-term, transparent relationships and to engage with all suppliers in an ethical and socially responsible way. HPS' supply chains consist of direct material suppliers, providing notably wire, foil, core steel, enclosures, bus bar and electrical accessories, and suppliers of indirect goods/services. The majority of materials, components and services are provided by suppliers with which HPS has long-term contracts.

The raw materials, components, items, and services required to manufacture HPS' products are procured from suppliers globally. HPS currently does business with approximately 500 direct material suppliers, and approximately 200 in-direct/service suppliers.

### **Policies and due diligence processes**

HPS takes pride in its stringent ethical standards, which apply to both employees and HPS partners. Several policies are in place to ensure transparency in these expectations.

HPS's Code of Conduct mandates that all employees adhere to the highest standards of professional and business ethics in their interactions with colleagues, customers, suppliers, and the public. The policy covers human rights issues, including forced and child labour, and makes specific reference to



our Anti-Human Trafficking Policy and Whistleblower Policy. In 2024, the Code was updated to expand on clauses addressing forced and child labor.

Our Anti-Human Trafficking Policy underscores HPS's commitment to maintaining an environment free from human trafficking and slavery.

To address all forms of misconduct, HPS has an established whistleblower policy in which every employee is required to acknowledge the HPS Code of Conduct and Whistleblower Policy upon joining. Starting in 2023, every employee is required to re-certify annually to increase organizational awareness. The whistleblower policy provides guidelines for confidential reporting of misconduct and ensures protection for those who report.

HPS has made several updates to its supplier policies and documents. The Supplier Code of Conduct has been revised to include clauses specific to forced and child labor. Additionally, in 2024, the HPS Quality Management team developed a manual to standardize supplier visits, incorporating ESG topics, including forced and child labour. This manual will be implemented across all supplier visits beginning in 2025.

HPS regularly reviews all policies and procedures to ensure continuous improvement, alignment with organizational processes, and compliance with relevant laws and regulations.

### **Forced labour and child labour risks in own operations**

HPS conducts external assessments of documentation and eligibility for work in new joiners and ensures internal controls are operational to reduce risk of forced labour and/or child labour in the organization's employment practices.

HPS gathers and maintains applicant data ensuring fair and equitable selection within its recruitment and selection practices. All candidates are evaluated to ensure relevant documentation is provided for work eligibility.

Contracted labour services are carefully evaluated for internal controls in their employment practices to ensure all workers are recruited voluntarily.

HPS partnered with Rotary Club of Guelph, Ontario, Canada as a Corporate Sponsor in 2023 in the effort to eradicate Human Trafficking and enhance employee and community education and awareness. HPS continues to support this effort with community sponsorship and support to other organizations that provide shelter to victims of Human Trafficking.

### **Forced labour and child labour risks supply chain**

HPS conducted an independent risk assessment of suppliers in 2023, the purpose was to better understand areas of potential exposure to forced and child labour. The methodology focused on identifying relative risk based on the country of origin for labour and/or materials, as well as the likelihood of those materials or labour being connected to forced or child labour according to independent lists.

The assessment results revealed that a relatively small percentage of goods imported from tier 1 suppliers carried risks of forced and child labour, based on the available information. The highest risks were identified in freight service providers, machine repair services, and apparel for personal protective equipment.

Following the risk assessment, HPS initiated a discovery initiative aimed at raising awareness within its supply chain, empowering sourcing employees, and assessing suppliers' maturity regarding human rights issues. In 2024, as part of this initiative, HPS contacted suppliers, outlining its stance on forced and child labour and requesting information on suppliers' policies and actions to combat these issues. Ninety percent of HPS suppliers were contacted, and approximately fifty percent provided feedback. No cases of forced or child labour were reported.

### **Remediation measures**

Employees have access to various confidential options for reporting cases of misconduct and the protections in place for those who report. Employees are consistently reminded of the whistleblower policy. HPS is also exploring opportunities to extend access to the grievance mechanism across our supply chain.

As no cases of forced or child labour have been identified in 2024 within our operations or supply chain, no remediation measures have been required to date.

### **Remediation of loss of income**

As no cases of forced or child labour have been identified in 2024 within our operations or supply chain, no remediation measures have been required to date.

### **Training**

HPS hosts a training platform for employees which is used to deliver regular training related to operations, policies and ethical topics. All employees are required to certify their abidance to appropriate training, including but not limited to our code of conduct manual and ethics policy.

In 2024, upskilling sessions on forced and child labour were developed by a third-party organization and delivered virtually to HPS leadership and sourcing-related staff. These sessions, available in English, French, and Spanish, aimed to raise awareness of the risks associated with forced and child labour across the organization. Additionally, employees in India received in-person training, translated from English into the local language to ensure accessibility and engagement.

### **Assessing effectiveness**

HPS consistently evaluates the effectiveness of its initiatives to address forced and child labour through a comprehensive approach.

This includes conducting regular reviews of organizational policies and procedures, as well as tracking key performance indicators such as employee awareness levels, the number of cases reported through the whistleblower system, internal control processes and the inclusion of forced and child labour clauses in supplier contracts and purchase order terms and conditions.

The 2024 discovery initiative, which involved gathering information from our suppliers on their actions to combat forced and child labour, has helped us prioritize which suppliers need to be engaged first. We have begun analyzing opportunities to approach supplier assessments proactively, before conducting supplier visits or audits.

This exploration will continue in 2025, with related KPIs being established to monitor and track suppliers' maturity levels in addressing this critical issue.

### Plans for 2025

In 2025, HPS plans to undertake the following actions in order to show our commitment to combat forced and child labour in our business and supply chains:

- Screen supplier risk assessments related to forced and child labour.
- Expand the content and reach of modern slavery training to a broader audience.
- Conduct audits of contracted labour suppliers.
- Begin an evaluation of external vendors within our employment practices.
- Evaluate high-risk\* potential suppliers on forced and child labour practices prior to supply agreements.

\*based on the country of origin for labour and/or materials

- Inclusion of forced and child labour practices within supplier audits.
- Implementation of the supplier manual, which addresses forced and child labour topics.
- Extend the HPS grievance mechanism to include the external supply chain.

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act (Act)*, and in particular section 11 thereof, I, in the capacity of Chief Executive Officer, attest that I have reviewed the information contained in the report on behalf of the governing body of the entity 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 within this report.

A handwritten signature in blue ink, appearing to read "Adrian Thomas", with a small rectangular stamp or mark below the name.

Adrian Thomas  
Hammond Power Solutions  
Chief Executive Officer  
May 15, 2025