



2023 Forced and Child Labour Report

This Report is published pursuant to the Canadian “*Fighting Against Forced Labour and Child Labour in Supply Chains Act*” and 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 calendar year 2023 through to May 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. HPS has manufacturing plants in Canada, the United States (U.S.), Mexico and India and has a 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 our stringent ethical standards, to which we hold both employees and HPS partners, with several policies currently in place to ensure we are transparent with these expectations.

HPS’ Code of Conduct Policy currently mandates that all employees conduct themselves in accordance with the Policy, including upholding the highest standard of professional and business ethics in their interactions with colleagues, customers, suppliers, and the public. The policy covers human rights and includes specific reference to our Anti-Human Trafficking Policy which is related to forced labour and child labour.

Our Anti-Human Trafficking Policy, outlines HPS’ commitment to an environment that is free from human trafficking and slavery. This policy includes additional human rights issues including forced labour and child labour and will be updated specifically to describe clear due diligence processes, compliance mechanisms, and training programs.



There are several updates to our supplier policies and documents which HPS is committed to enhancing as a result of this Act. Our supplier code of conduct will be updated to include specific evaluations targeting forced labour and child labour risks in the supplier review process and to outline HPS' expectations of our suppliers to comply with the intent of this Act.

There will also be a letter of intent distributed to each supplier, outlining HPS' stance on forced labour and child labour and seeking to understand what actions each supplier is taking to combat this issue.

HPS has an established whistleblower policy that is intended to encompass all forms of misconduct. In 2024/25, HPS intends to increase awareness of this policy throughout the organization and will consider how best to expand the scope to relevant third parties.

HPS reviews all policies and procedures on a regular basis and will continue to do so to reflect our processes, continuous improvement and compliance with relevant laws and regulations.

Forced labour and child labour risks

An independent risk assessment was conducted of our 2023 supplier data. 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 the labour and/or materials, and the potential of that type of material and/or labour being connected to forced or child labour based on independent lists.

The results of this assessment showed a relatively small percentage of goods imported from tier 1 suppliers carrying risks of forced labour and child labour based on the information available.

In 2024 HPS will work to enhance the supplier data availability as well as the risk analysis process to better understand the associated risks. HPS will also consider developing a systematic approach to address the identified areas of elevated risk within our supply chain.

Remediation measures

HPS is working to establish a governance structure related to forced or child labour. In addition, we will develop remediation strategies aligned with our commitment to combating forced labour and child labour should an instance of either ever be identified in our operations or supply chain.

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.

Upskilling sessions were designed and delivered to HPS leadership and staff, focused exclusively on the topic of forced and child labour. This upskilling was delivered in English, French and Spanish, to raise the awareness of the risks associated with forced and child labour across the organization.

Assessing effectiveness

HPS has identified several focus areas for fiscal year 2024 with the intent to reduce the risk of forced and child labour in our operations and supply chains. Once these measures to address each area of focus have been developed, considering both internal and external parties as appropriate, we will regularly assess the effectiveness of these measures.



Plans for 2024

In 2024, 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:

- Deliver a commitment statement to all suppliers, confirming HPS' stance on forced labour and child labour and clearly articulating related expectations of all suppliers.
- Establish additional due diligence checks to affirm suppliers' commitment to combating forced and child labour risks, starting with suppliers identified as relatively higher risk of forced and child labour.
- Develop and deliver training specific to forced and child labour, starting with roles that directly interact with suppliers and then broaden the audience to other aspects of the organization.
- Enhance existing policies and processes to include forced and child labour, including but not limited to, HPS' supplier code of conduct, and purchase order agreements.

"I have the authority to bind 'Hammond Power Solutions.'"

A handwritten signature in blue ink, appearing to read "Adrian Thomas".

Adrian Thomas
Hammond Power Solutions
Chief Executive Officer
May 31, 2024