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Fighting Against Forced Labour and Child Labour Report 2023

INTRODUCTION

As a global business, Hypercel Corporation is committed to upholding and promoting human rights and safe working conditions worldwide. We recognize that risks of modern slavery, forced labour and child labour exist and acknowledge that understanding and mitigating these risks requires a collaborative approach with our workforce, suppliers, and other external stakeholders.

REPORTING CONTEXT

This report is provided in compliance with Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) by Hypercel Corporation (“Hypercel”, “we”, “our”, “the Company”).

Pursuant to the Act, this report outlines the steps taken by Hypercel to assess, prevent and reduce the risk of forced labour and child labour (also referred to as modern slavery) in our business operations and supply chain for the financial year ending December 31, 2023.

OUR OPERATIONS AND SUPPLY CHAINS

Headquartered in Valencia, California, USA, Hypercel is primarily involved in designing, developing, manufacturing, importing and selling consumer electronics and wireless accessories.

Our comprehensive product range involves an extensive global network of partners and distributors across six continents. Hypercel’s satellite office in China provides strategic operational support for all activities including product development, manufacturing, quality control, and logistics.

We work with over 50 manufacturing suppliers as well as a diverse group of vendors in China and Vietnam who provide goods and services critical to our operations. Most of our products are provided by suppliers with which Hypercel has long-term contracts. Hypercel has built and continues to seek long-term manufacturing partnerships.

OUR POLICIES AND DUE DILIGENCE PROCESSES

Hypercel is committed to promoting strong ethical standards within our operations and across business partnerships. We conduct all business in accordance with our core values of

innovation, professionalism, collaboration, and integrity. We have a zero tolerance for any form of child labour, forced labour, human trafficking, abuse, or modern slavery in any of our facilities. This prohibition is extended to our suppliers and outlined during the screening and onboarding process where we detail clear expectations of good business policies and procedures.

We implement a consistent approach for supplier selection and onboarding with on-site evaluation, risk management, and performance reviews for all contracted suppliers. It is mandatory for contracted suppliers to adhere to international standards and applicable laws and regulations concerning forced labour, child labour, and human trafficking.

Many of our current suppliers also provide compliance certifications under 3rd party audit programs including BSCI and ISO. We prioritize awarding contracts to suppliers and vendors with well-established records of performance and quality standards.

TRAINING

All new Hypercel employees are assigned a mandatory onboarding package which includes our employee handbook and code of conduct. Hypercel upholds a culture of open communication, all employees, business partners, and suppliers, are encouraged to ask questions and voice concerns without fear of retaliation.

Should employees or suppliers have concerns regarding ethical or legal violations, particularly regarding workplace safety, forced or child labour, they have a responsibility to report their suspicions directly to colleagues, including supervisors, human resources representatives, facility management representatives or next level of management.

In 2024 Hypercel intends to provide training to targeted audiences that will reinforce expectations and awareness of forced labour and child labour topics within our operation and supply chain.

ASSESSING AND MANAGING OUR RISK EXPOSURE

Hypercel recognizes the potential risks of forced labour and child labour in our extended supply chain, and the complexity and challenges in operationalizing modern slavery compliance.

In 2023, Hypercel established a cross-functional team involving various internal stakeholders to complete a risk assessment of forced labour and child labour in our supply chain.

While we have internal processes to ensure compliance with applicable laws and regulations concerning forced labour, child labour, and human trafficking, this is the first iteration of our analysis and reporting to comply with the new annual reporting requirements imposed by the Act.

Our initial risk assessment focused on the countries and industries in which our suppliers operate. We identified risks are higher among manufacturing suppliers in countries with significant numbers of migrant workers and insufficient legal protections or enforcement regarding forced and child labour. We considered several factors associated with a risk of forced labour or child labour from reputable international sources including Walk Free's Global Slavery Index, International Labour Organization, and UNICEF.

We initiated ongoing mapping of our supply chain and reviewed of internal policies for preventing forced labour and child labour in the supply chain including, onboarding policies, supplier due diligence, performance reviews, and compliance reporting processes.

Three comprehensive audit programs were conducted in 2023 with key vendors. We closely analyzed the audit results and guidelines to identify key elements to integrate into our standard review policies. We also reviewed internal educational training, processes for reporting suspicious or actual violations, and initiated ongoing improvements to internal processes, policies, and training.

REMEDATION MEASURES

As of December 31, 2023, Hypercel has not identified any instances of forced labour or child labour in our activities or supply chain and has therefore not had to remediate any related losses. If a situation of non-compliance is identified, Hypercel will work to develop and implement a corrective plan to improve and remedy the situation.

ASSESSING EFFECTIVENESS

Hypercel has several measures in place to prevent and reduce the risk that forced labour or child labour is used in our operations and supply chains.

While we have not yet taken any actions to formally assess or quantify the effectiveness of those actions, none of the supplier assessments conducted in 2023 revealed any indication of child or forced labour. Moreover, Hypercel has no historical record of a termination in any previous operating year on account of a human rights violation like child or forced labour.

Hypercel intends to further assess and implement continuous improvements to increase effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains.

APPROVAL

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 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.

I have the authority to bind Hypercel Corporation.



David Nazar

President/CEO

May 31, 2024