

## 2025 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 describes the steps Hammond Power Solutions Inc. and its wholly owned subsidiaries<sup>1</sup> (collectively, “HPS”) have taken - and continues to take - to prevent forced and child labour in our operations and supply chains. The Report covers the 2025 calendar year.

### Our Business

HPS enables electrification through a broad range of dry-type transformers, power quality products, and related magnetics. Our standard and custom-designed products support electrical distribution networks across diverse end-use applications. As of December 31, 2025, HPS employs 2,506 people and operates manufacturing facilities in Canada, the U.S., Mexico, and India, serving a global customer base.

### Our Values and Commitment

HPS is committed to maintaining operations and supply chains that are free from forced labour, child labour, and human trafficking. Our values guide how we conduct business ethically and responsibly, including sustaining long-standing, transparent relationships with suppliers. We continually evaluate and improve our practices and regularly report on human rights risks to ensure transparency for internal and external stakeholders.

### Our Supply Chain

HPS views suppliers as strategic partners and aims to build long-term, ethical, and transparent relationships. Our supply chain includes suppliers of direct materials - such as wire, foil, core steel, enclosures, bus bar, and electrical accessories - and suppliers of indirect goods and services. We currently work with approximately 500 direct material suppliers and 200 indirect/service suppliers globally.

### Policies and Due Diligence

HPS maintains strong ethical standards supported by several policies:

- **Code of Conduct** – Establishes expectations for ethical behaviour and covers human rights issues including forced and child labour. Employees acknowledge it upon hire and recertify annually.
- **Anti Human Trafficking Policy** – Reinforces our commitment to preventing human trafficking and slavery.

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<sup>1</sup> Hammond Power Solutions Inc.’s subsidiaries covered by this report include: Hammond Power Solutions, Inc., Hammond Power Solutions Private Limited, Delta Transformers Inc., Hammond Power Solutions SA de CV, and Hammond Power Solutions Latin America S de RL de CV.

- **Whistleblower Policy** – Provides confidential reporting mechanisms and protections for those who report misconduct, including the use of forced or child labour in our facilities or within our supply chains.
- **Supplier Code of Conduct** – Includes specific requirements related to forced and child labour and is communicated via Purchase Order Terms and Conditions.

HPS regularly reviews all policies to ensure continuous improvement and legal compliance.

### **Forced Labour and Child Labour Risks in Our Operations**

HPS conducts thorough eligibility and documentation checks for all new hires to ensure employment is voluntary and legally compliant. Contracted labour providers are assessed to verify responsible employment practices. HPS also partners with a variety of community organizations, including victim services, to support awareness and prevention efforts related to human trafficking.

### **Forced Labour and Child Labour Risks in our Supply Chain**

In 2023, HPS conducted an independent supplier risk assessment to identify potential exposure to forced and child labour based on country of origin and industry risk profiles. The assessment found that only a small portion of imported goods from Tier 1 suppliers carried elevated risk. Higher risk categories included freight services, machine repair services, and certain PPE related apparel. Each year, HPS also conducts a **Human Rights Risk Assessment Questionnaire** with targeted suppliers. Suppliers must provide evidence supporting their responses and are assigned a maturity level, along with corrective actions for the next cycle.

As of 2025, **67% of targeted suppliers improved their maturity level** - meaning they demonstrated stronger human-rights governance, such as implementing formal policies, improving grievance mechanisms, increasing supply-chain transparency, or closing previously identified gaps through documented corrective actions.

### **Remediation Measures**

Employees have confidential channels for reporting concerns, and HPS is exploring ways to expand grievance mechanisms to cover our supply chain. If forced or child labour is identified, HPS will take immediate, rights-based action aligned with ILO standards.

Remediation may include:

- immediate removal from harmful conditions
- access to support services
- corrective action plans and independent verification
- preventive measures to reduce recurrence

For cases involving child labour, remediation prioritizes safe withdrawal, access to education, and family support.

## Remediation of Loss of Income

If forced or child labour is identified, HPS is committed to ensuring corrective actions do not create additional harm.

Where appropriate, we may work with suppliers to support:

- continued wages during transition
- alternative safe employment
- access to education or social services
- payment of owed wages

To date, no cases requiring income related remediation have been identified.

## Training

HPS provides annual Forced and Child Labour training through our internal learning platform. All employees are required to complete training on key policies, including the Code of Conduct, the Anti-Human Trafficking Policy, and the Whistleblower Policy, which outline HPS's stance on forced and child labour and provide clear guidance on how to respond if such risks are identified in our operations or within our supply chain.

## Assessing effectiveness

HPS evaluates the effectiveness of its human rights initiatives by:

- reviewing policies and procedures
- tracking employee awareness
- monitoring whistleblower reports
- assessing inclusion of forced and child labour expectations in supplier contracts and purchase orders
- monitoring supplier maturity levels and corrective actions

## Plans for 2026

In 2026, HPS plans to:

- continue screening supplier risk assessments related to forced and child labour
- begin evaluating external vendors' employment practices
- review high risk suppliers prior to entering new supply agreements
- include forced and child labour requirements in supplier audits
- implement the Supplier Manual, addressing human rights requirements
- extend grievance mechanisms to include suppliers and workers in the supply chain

**Attestation**

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 and member of the board of directors of Hammond Power Solutions Inc., 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.



**Adrian Thomas**

Hammond Power Solutions Inc.  
Director and Chief Executive Officer  
April 30, 2026