HCI FILTRATION

Fighting Against Forced Labour and Child Labour in Supply Chains Report
Annual Report 2025

INTRODUCTION

This report has been prepared by HCI Filtration Inc. in respect of Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act").

In this report "we," "our" and "HCI Filtration" collectively refers to HCI Filtration Inc., Vytal Filtration Technologies Inc., Industrial Filter Manufacturing Ltd., HCI Filtration USA Inc., Vytal Filtration Technologies W. LLC, American Filter Manufacturing Inc. and Healthy Spring Inc. plus any other businesses we may acquire.

WHO WE ARE

HCI Filtration is a North American distributer and fabricator of filtration related products headquartered in Edmonton, Alberta. HCI Filtration is backed by the investment firm Hokanson Capital Inc. Through a series of strategic acquisitions, HCI Filtration has become a leading North American Industrial Filtration Company, bringing together diverse expertise and technologies to serve its customers.

OUR COMMITMENT TO AN ETHICAL SUPPLY CHAIN

HCI Filtration is committed to maintaining ethical business practices and ensuring that all products and services purchased are produced in conditions that respect the dignity and rights of workers. We are aware of the risks a complex global supply chain poses and are committed to operating in a safe manner that is responsible and support the prevention of human right violations. Forced labour and child labour are strictly prohibited in our supply chain.

We believe our employees are the key to our success. As such, HCI Filtration is committed to proving employees, across all our companies, with safe, positive, work environments and adequate compensation while respecting the laws of all the jurisdictions we operate in.

RISKS OF FORCED LABOUR & CHILD LABOUR IN OUR SUPPLY CHAIN

The majority of our supply chain purchases occur in Canada and the United States, which have a low prevalence of forced and child labour. They are governed by their applicable federal, provincial, state and labour laws and standards.

We do have several long-standing suppliers of raw materials and finished goods procured outside of North American predominantly in India and China. We have conducted site visits of the largest providers in our supply chain and are in regular communication about their operations. Our staff are knowledgeable on the signs of unethical practices and have a means of reporting them if and when they see them.

POLICIES AND DUE DILIGENCE PROCESSES

We believe that the right people and processes are fundamental to the success of our business. We are adding to our employee handbook and annual code of conduct sign off that identifies our commitments to an ethical supply chain and prevention of forced labour and child labour.

The organization will:

- Conduct additional due diligence on suppliers in high-risk countries, using tools such as site visits, review of policies, self-assessment questionnaires/declarations, and/or worker interviews to assess the risk of forced and child labour.
- Use publicly available databases and reports to identify countries, industries, and suppliers that may pose a high risk for forced or child labour.
- Prioritize suppliers with certifications from recognized labour rights organizations (such as Fair Trade or SA8000) and audit compliance with international labour standards.

Supplier Audits and Monitoring

Suppliers could be subject to unannounced audits or site visits by HCI Filtration's supply chain management to ensure compliance with this policy. Audits/site visits will include confidential worker interviews, document reviews, and on-site inspections. HCI Filtration reserves the right to terminate contracts with any supplier found in violation of this policy without notice or penalty.

Employee Training

We will be introducing staff training to equip employees engaged in purchasing with the skills to recognize signs of forced labour and child labour. This training will be reinforced in our code of conduct which employees will be required to review annually.

Whistleblowing

No retaliation will be taken against or be tolerated of anyone who reports violations of this policy in good faith. This applied equally to anyone who reports a concern regarding any of our Suppliers or their activities.

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ASSESSING EFFECTIVENESS

Management is responsible of assessing our effectiveness in ensuring that forced labour and child labour are not being used in our supply chain. We acknowledge that we are still in the early stages of assessing the full scope of potential risks related to forced labour and child labour within our supply chain and are prioritizing areas identified as higher risk. To support this effort, HCI Filtration established a Supply Chain Manager role in March 2025 to strengthen oversight and advance our supply chain risk management practices.

Since then, we have been working to better understand potential supply chain risks and have identified opportunities for improvement. Initial steps include standardizing our freight management processes and onboarding a secondary supplier for filter vessel manufacturing to improve supply continuity and reduce operational risk.

To date, we have not identified any known instances of forced labour or child labour within our supply chain. We remain committed to continuing to review and enhance our policies, procedures, and due diligence processes to identify, prevent, and mitigate these risks.

ATTESTATION

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for the entity or 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.

Brian Jones
CEO, HCI Filtration Inc.
Date: Mar 6, 2026
I have the authority to bind HCI Filtration Inc.