



FY22 Social Accountability Audit Results

Summary Report

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1. INTRODUCTION

Hypertechnologie Ciara procures various materials from many suppliers in and outside Canada. To develop long-term business relationships based on its Procurement Policies, we are working to strengthen sustainability initiatives across our entire supply chain while improving measures for proper transactions.

Hypertechnologie Ciara has established a procurement code of conduct, policies, and procedures that aim to fulfill its social responsibilities, including compliance with laws and regulations, business ethics, respecting human rights, labor relations, health & safety, as well as protection of the environment, through fair and equitable transactions in our supply chain by strengthening partnerships with suppliers.

Hypertechnologie Ciara has implemented and certified integrated management systems comprising the SA8000, ISO 9001, ISO 14001, ISO50001, and ISO 45001 standards. The Health & Safety and Social Accountability management system is encompassed by ISO 450001 and SA8000. The company successfully implemented and certified in our business units and guides our suppliers to tackle material health and safety and social risks in the supply chain.

2. OBJECTIVES

- To demonstrate the effectiveness of Hypertechnologie Ciara's social accountability management system regarding labor, ethics, and health & safety impacts in its supply chain.

3. SCOPE

- This report covers Hypertechnologie Ciara's social accountability management system regarding labor and health & safety risks.

4. FRAMEWORK REFERENCES

- OECD Due Diligence Guidance for Responsible Business Conduct.
- IEEE Std 1680.1a-2020 standard.
- Sustainable Procurement program

5. DEFINITIONS

- **Priority Non-conformance:** A grievous breach of ethical standards, Significant risk of immediate harm to workers or communities, Exploitative violations of worker rights, Health, Safety, and Environmental risks to the community.
- **Major Non-conformance:** A significant failure in the management system affects the system's ability to produce the desired results. It may be a failure to implement an established process or procedure or if the process or procedure is ineffective. The failure of an organization to verify and maintain its compliance with applicable laws and regulations is a Major non-conformance.
- **Minor Non-conformance:** A minor non-conformance does not indicate a systemic problem with the management system. It is typically an isolated or random incident.
- **Opportunity for Improvement:** A situation that is not entirely in conformance or can be improved but where a Corrective Action Plan is optional but recommended. It is sometimes referred to as an "observation."
- **Conformance:** Conformance is noted when the Auditor determines that a facility meets or exceeds the Audit Criteria and expectations.
- **Not Applicable:** Not Applicable applies in cases where a specific operation is missing from the site, for example, facilities that do not have dormitories. In addition, the facility has provided evidence that particular criteria do not apply.

6. DESCRIPTION

- Hypertechnologie Ciara's commitment statements are reflected in the procurement policy and code of conduct to execute its social and environmental responsibility to conduct sustainable transactions through the supply chain. The policy and code of conduct cover matters including legal compliance, respecting human rights, labor, health & safety, business ethics, and environmental protection. Hypertechnologie Ciara constantly improves its socially and environmentally responsible procurement by obtaining the understanding and support of suppliers for the policies and building strong partnerships. The Supply chain policy PL_CIA_PU002, Responsible Business Alliance Code of Conduct P_HR001_CIA_RBA, PL_HYP_HR010 Contractor Code of Conduct, and Sustainable Procurement, Program Statement PL_HYP_QA010 are the foundations of our sustainable procurement practices. <https://ciaratech.com/epeat/>
- Hypertechnologie Ciara's commitment statements are reflected in the health & safety and

social accountability policies to execute its social responsibility into its business performance. The social accountability policies such as PL_HYP_HR008 Health & Safety Policy, PL_HYP_HR005 Anti-Corruption, and Bribery Policy, PL_HYP_HR009 Workplace Violence Policy, PL_HYP_HR003 Non-discrimination and anti-harassment Policy and PL_CIA_HR005_SA8000 Policy Statement are the foundations of our social accountability management practices.

- Hypertechnologie Ciara's is committed to continually improving its social performance within the value chain while consistently meeting our customer's requirements and applicable legal requirements to our products and services in global trade. We align processes to achieve compliance with these commitments by implementing and maintaining a Social Performance System ("SPS"), forming an integral part of the company's business strategy, and designed to meet the requirements of the Social Accountability Standard (SA8000). The SA8000 Standard is based on internationally recognized standards of decent work, including the Universal Declaration of Human Rights, ILO conventions, and national laws. SA8000 applies a management-systems approach to social performance and emphasizes continual improvement. The elements of this standard are child labor, forced or compulsory labor, health & safety, freedom of association & right to collective bargaining, discrimination, disciplinary practices, working hours, remuneration, and management system. Hypertechnologie Ciara is certified for SA8000. ABS Quality Evaluation Company executed the latest third-party audit in December 2022. Non-conformances were raised by the third-party company.
- Hypertechnologie Ciara's is committed to taking all necessary measures to protect all employees' health, safety, and physical integrity by preventing danger. All accidents are preventable, and an injury-free environment is achievable. Thus, we have implemented a robust occupational health and safety management system built upon the foundation of our health and safety policy and risk assessment. We are supported by objectives that aim to improve our occupational health and safety performance. Our OHSMS is supported by the ISO 45001: 2018 and provincial & federal regulations and certified by a third-party certification body called SAI Global. The latest third-party audit was executed in May 2022. As a result, 02 minor non-conformances were raised by the third-party audit related to the operation, specifically to the Management of Change and Performance Evaluation, specifically to the General. As a result, these Minor NCRs were closed under CAPA 1265 and 1266. (5) Opportunities for improvements (OFIs) were recommended by the third-party auditor related to Management Systems and Operations. These OFIs were addressed through our internal audits.
- Hypertechnologie Ciara establishes business with targeted suppliers through contracts that include clauses on environmental, labor, and human rights, ethics, and health & safety requirements.

- Hypertechnologie Ciara evaluates its social accountability and health and safety performance through a 3-year external audit program. This performance evaluation allows the company to be involved in a continual improvement process by detecting threats and opportunities and taking actions through the Corrective and Preventive Actions (CAPA) process and continuous risk assessment.
- As part of the management review, Hypertechnologie Ciara is audited annually by independent external entities to maintain the SA8000, ISO45001, and other associated certifications. In addition, the annual audits validate and confirm that the company's Social Accountability, Environmental, and Health and Safety Management Systems are continuously updated in conformity with the highest international standards, regulations, and applicable internal procedures and policies.
- Through management reviews, the company regularly reviews the compliance, effectiveness, and improvement of the Social Accountability Management System (SA8000) and Health & Safety (ISO45001) management system, evaluates the alignment with internal policies and strategic directions, and communicates to all internal stakeholders the main results of the management reviews. By sharing the main results with its internal stakeholders, the organization increases its transparency and allows it to suggest opportunities for improvement. In addition, the company discloses the results through this report.

7. CONCLUSIONS

- Hypertechnologie Ciara is under a 3-year cycle audit program under the SA8000 standard.
- The SA8000 certificate was obtained in 2021 with a validity duration of 3 years.
- The latest audit of SA8000 was dated December 2022.
- The third-party auditing company for the SA8000 management system, called ABS, did not raise any non-conformities (NCRs) and Opportunities for Improvements (OFIs)
- Hypertechnologie Ciara has been audited under ISO 45001 requirements annually as part of the Integrated Management System.
- The ISO 45001 certificate was obtained in 2021.
- The latest audit was performed in May 2022.
- The third-party auditing company for Health & Safety management system, called SAI Global, did raise two (2) minor non-conformities (NCRs) and 5 Opportunities for Improvement (OFIs).
- The minor non-conformance is related to Operation Requirement 8.1.3 of ISO 45001 and Performance Evaluation Requirement 9.1.1 of ISO 45001.
- The two (2) minor non-conformances were closed under audit reports No 1265 and 1266.
- The total repeat non-conformities are 0 %.

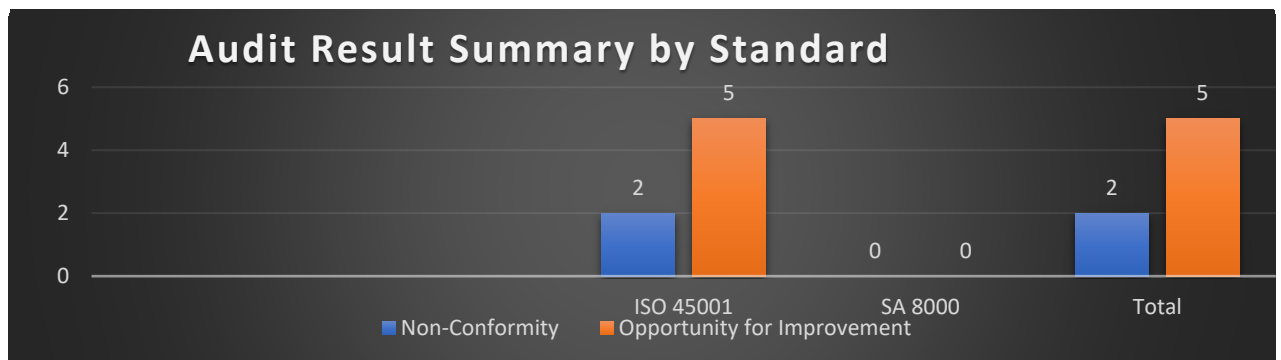
8. RESULTS

8.1. Preliminary Information

Item	Information	Declaration
Number of Facilities	1	
Name of the Facility	Ciaratech	
Location_ Province	Quebec	
Location_ Country	Canada	
Location Geographic Area	North America	
Case of Ciara Scenario	Canada	The company established the evaluation on a manufacturing facility called Ciaratech in Canada. The priority findings index is not applicable as Ciaratech did not hold any priority non-conformance, is located in a low-risk country, and Canada represents 100% of its audits (1 audit).

8.2. Summary Audit Result per Standard

Integrated Standard Category	Non-Conformity	Opportunity for Improvement	Status	CAPA Report
ISO 45001	2	5	Closed	1265 & 1266
SA 8000	0	0	NA	NA
Total	2	5		



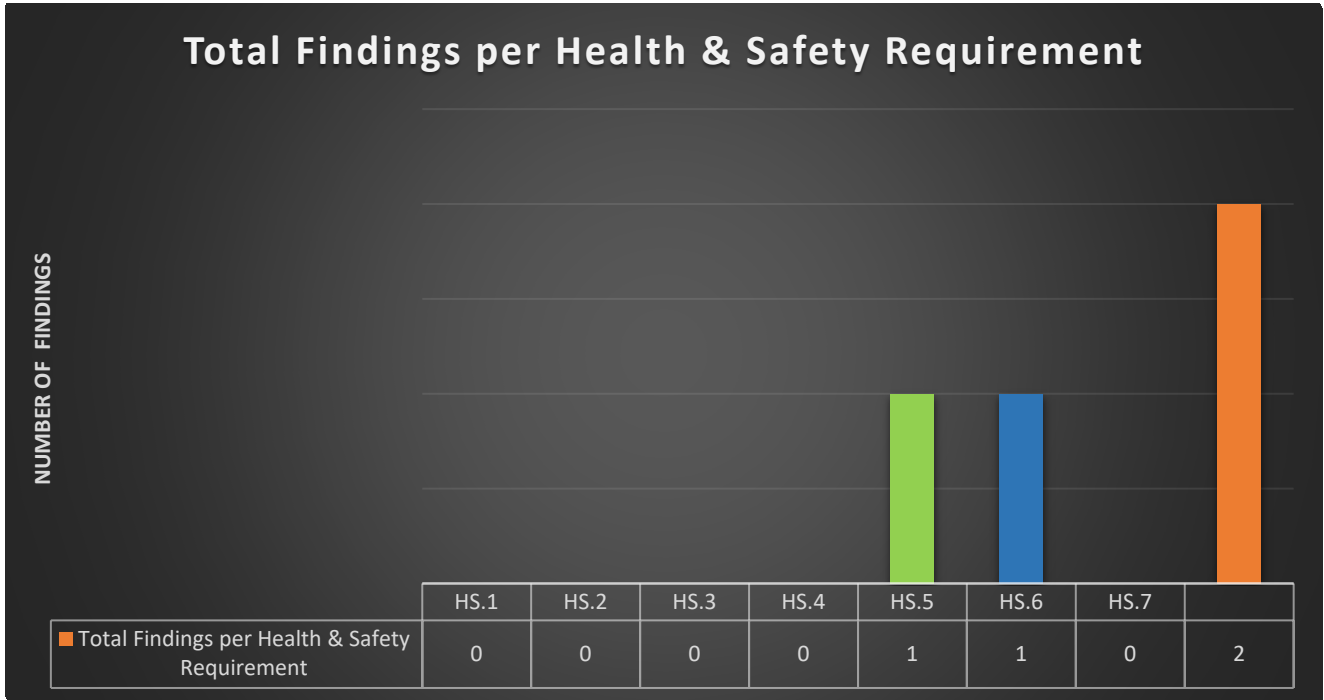
8.3. Summary Audit Result per Requirement

8.3.1. Labor Requirements

Labor Requirement (Criteria 4.10.1.1)	SA8000 Requirement	Labor Code	Audit Finding Criteria	Total Findings per Requirement (Aggregated Number)	Total Percentage of NCRs (%)	Percentage of Completion of Corrective Action for each Major Category (%)	Total Percentage of Repeat Non-Conformities (%)
Freedom of association and collective bargaining	Freedom of association & right to collective bargaining	L1	Conformance	0	NA	NA	0
Forced labor	Forced Compulsory Labor	L2	Conformance	0	NA	NA	0
Child labor and the worst forms of child labor	Child Labor	L3	Conformance	0	NA	NA	0
Discrimination (employment and occupation)	Discrimination	L4	Conformance	0	NA	NA	0
Minimum wages	Remuneration	L5	Conformance	0	NA	NA	0
Working hours	Working Hours & Compensation	L6	Conformance	0	NA	NA	0
Overtime compensation	Working Hours & Compensation	L7	Conformance	0	NA	NA	0
Employment contractual relationships	Disciplinary Practices	L8	Conformance	0	NA	NA	0
Human trafficking	Forced Compulsory & Labor	L9	Conformance	0	NA	NA	0
Total Non-Conformance				0	NA	NA	0
Total Priority Non-Conformance				0	NA	NA	0
Total Major Non-Conformance				0	NA	NA	0
Total Minor Non-Conformance				0	NA	NA	0

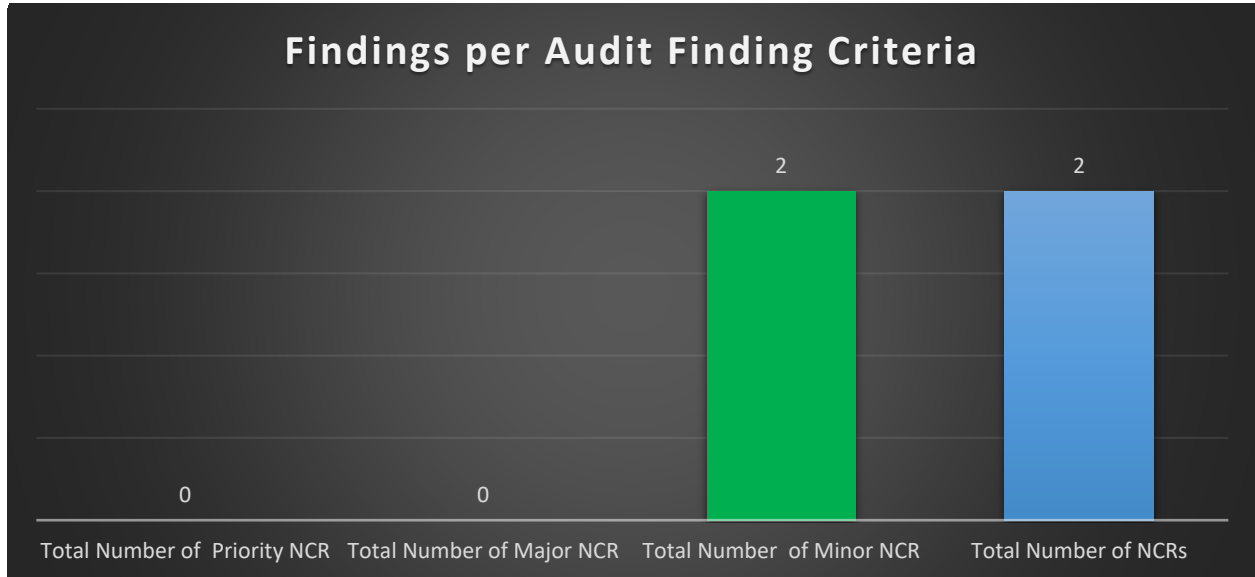
8.3.2. Health & Safety Requirements

Health & Safety Requirement (Criteria 4.10.1.2)	ISO 45001 Requirement	H&S Code	Audit Finding Criteria	Total Findings per Requirement (Aggregated Number)	Total Percentage of NCRs (%)	Percentage of Completion of Corrective Action for each Major Category (%)	Total Percentage of Repeat Non-Conformities (%)
OHS management system describing the context of the organization.	4. Context of the Organization	HS.1	Conformance	0	NA	NA	0
Leadership and worker participation, including OHS Policy, Roles, Responsibilities, Accountabilities, and Authorities.	5. Leadership and Worker Participation	HS.2	Conformance	0	NA	NA	0
Risk and hazard identification, assessment, and determination of applicable OHS legal requirements and other OHS requirements and risks, including related actions and objectives to address them.	6. Planning	HS.3	Conformance	0	NA	NA	0
Provision of resources competence and awareness, information, communication, and documented information.	7. Support	HS.4	Conformance	0	NA	NA	0
Operational planning and control include operational controls that apply to outsourcing, procurement, contractors, emergency preparedness and response, and change management.	8. Operation (8)_ Operational Planning and Control(8.1)_ Management of Change (8.1.3)	HS.5	Minor Non-Conformance (8.1.3)	1	50%	100%	0
Performance evaluation, including internal audits, monitoring and measurement, analysis and Evaluation, and management review.	9.PerformanceEvaluation(9)_ Monitoring, measurement, analysis, and performance evaluation (9.1) _General (9.1.1)	HS.6	Minor Non-Conformance (9.1.1)	1	50%	100%	0
Incidents, non-conformities, corrective action, continual improvement of objectives and processes.	10.Improvement	HS.7	Conformance	0	NA	NA	0
Total Non-Conformance				2	100%	100%	0
Total Priority Non-Conformance				0	NA	NA	0
Total Major Non-Conformance				0	NA	NA	0
Total Minor Non-Conformance				2	100%	100%	0



8.3.3. Summary Audit Performance

Item	Overall: Canada	Labor	Health & Safety
Total Number of NCRs (=Number of Deficiencies)	2	0	2
Number of Priority NCRs (=Number of Deficiencies)	0	0	0
Number of Major NCRs (=Number of Deficiencies)	0	0	0
Number of Minor NCRs (=Number of Deficiencies)	2	0	2
Priority NCRs Failure Rate		NA	NA
Major NCRs Failure rate		NA	NA
Minor NCRs Failure rate		NA	0%
Priority NCRs Improvement Rate		NA	NA
Major NCRs Improvement Rate		NA	NA
Minor NCRs Improvement Rate		NA	100%



8.3.4. Main Findings and Improvements in the Audit

Health and Safety Requirements

Description of the issue	<8. Operation_ 8.1. Operational Planning and Control > 8.1.3. Management of Change	<9.PerformanceEvaluation(9)_Monitoring, measurement, analysis, and performance evaluation (9.1) > General (9.1.1)
	The application of change management procedure needs to be systematically implemented as required: Pre-use inspection of overhead crane and provision of harnesses for work at height.	The monitoring and surveillance measures need to be systematically implemented as established regarding the frequency of inspection, warehouse elements conditions, and pedestrian access interference.
Improvement Requirements	<p>To implement periodic inspections /audits of the equipment and to verify if related procedures/ work instructions have been followed correctly.</p> <p>To create a list of authorized employees (trained/ certified) who can use or have access to specific equipment. (Training certifications received on Dec 13/ A secondary training is planned by H&S)</p>	<p>To protect pallet racking by rack guard (High-risk areas were determined and protected by Warehouse-Audit required)</p> <p>To maintain Health and Safety Audits/ Inspection for all premises, including the warehouse and its equipment,</p>

9. HISTORY OF CHANGES

REV	DATE	MODIFICATIONS	CREATED BY/MODIFIED BY	APPROVED BY
01	June 8, 2023	Creation	Candy Morales	Ali Khosroshahi