

2024 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 Delta-Q Technologies Corp. (the “Company” or “Delta-Q”) has taken and is continuing to take to combat forced and child labour in our business and our supply chain. The Report covers activities for the financial year ending December 31, 2023.

INTRODUCTION

We acknowledge our responsibility to combat forced and child labour and are committed to acting ethically and with integrity and transparency. We have systems and controls in place to safeguard against any form of forced or child labour taking place within the business or our supply chain, and we are committed to continue to monitor and improve these processes.

OUR BUSINESS

Delta-Q is a leading provider of battery charging solutions that improve the performance and reliability of electric drive vehicles and industrial equipment. The company has become the supplier of choice to many of the world’s leading manufacturers (“OEM’s”) of electric golf cars, lift trucks, aerial work platforms, motorcycles and scooters, floor care machines, utility/recreational vehicles, and new markets, like outdoor power equipment.

Delta-Q is headquartered in Vancouver, Canada and is home to an inclusive and diverse team of individuals who carry the belief of charging the future by supporting the transition to electric energy. We collaboratively design, test and manufacture robust battery chargers that improve the performance of our customers electric drive vehicles and industrial machines.

Delta-Q is a wholly owned subsidiary of Zapi SpA, an Italian corporation (“Zapi”). Delta-Q is closely aligned with Zapi SpA, which is a leading manufacturer of motors, controllers and high frequency battery chargers for electric/hybrid vehicles and applications. As a global electrification leader with deep systems experience leading innovations, and an obsession with driving customers’ success, the Zapi Group of companies now counts more than 1700 employees worldwide in 18 different companies with a total annual revenue of more than 700 million US dollars.

OUR SUPPLY CHAIN STRATEGY

Delta-Q’s supply chain strategy is to partner with a top tier contract manufacturing partner, to leverage their expertise to build products and manage the supply chain. As a result of this strategy, Delta-Q procures a significant proportion of our products from a very small number of suppliers. For more than the past ten years, we have partnered with Flex, a US-based publicly traded, global contract manufacturer with worldwide operations. Our long term agreement outlines the terms and conditions of our partnership. Flex’s vision of “Be the most trusted global technology, supply chain, and manufacturing solutions partner to improve the world” is closely aligned to Delta-Q’s values. Flex is committed to fair labour practices and prohibits any human trafficking, forced labour and child labour. They support and uphold the United Nations

Universal Declaration of Human Rights (UDHR) and the United Nations Guiding Principles on Business and Human Rights (UNGPs) at each and every manufacturing location they operate. Further information on Flex's ESG initiatives and code of conduct can be located on their website at <https://flex.com/company/sustainability>.

OUR POLICIES

The Zapi Group has specific policies in place that guide our commitment to ESG, and which specifically address forced and child labour. These policies are posted on the Zapi Group website at <https://www.zapigroup.com>

1. Zapi Group Supplier Code of Conduct

The Zapi Group Supplier Code of Conduct outlines the business principles that all partners, suppliers, and manufacturers are expected to meet when conducting business with or for the Group, including specific policies with respect to forced and child labour.

2. Code of Ethics and Whistle Blower Policy

This Code defines the corporate principles that should be followed during any business activity, and that must be continuously observed in all partnership, collaboration, and commercial relationships. The Code also defines a series of behaviors that are critical to prevent employees and collaborators from committing crimes, along with the behaviors that are clearly considered in contrast with the ZAPI GROUP's values.

3. Delta-Q Employee Handbook

The Delta-Q Employee Handbook outlines all policies and procedures that impact on our employees. Within the Handbook, we outline our employee rights and expectations. We treat every employee equally regardless of race, belief, marital/family status, disability, gender, and age or any other factor unrelated to job performance or prohibited by Human Rights legislation. We are committed to providing a safe environment for our employees and we prohibit the hiring of forced and child labour within our workforce.

The Handbook is presented to new employees of Delta-Q as part of their onboarding process and is referenced regularly in all-employee meetings.

ADHERENCE TO POLICIES

At Delta-Q, as part of the Zapi Group of Companies, we are expected to adhere to these policies and procedures, and we expect our suppliers to do the same. Our global OEM customers have similar requirements and expectations in regard to their suppliers, including Delta-Q.

Delta-Q reviews ESG initiatives with Flex as part of our regular business reviews. These reviews include information sharing by Flex on their global ESG initiatives, as well as a review of specific programs in place at the factories where our products are manufactured.

During 2023, Delta-Q updated our Supplier Qualification Process checklist to specifically identify and assess the risk of forced labour. Suppliers that do not have adequate controls in place will not pass our qualification and will need to take the necessary corrective actions and report progress to Delta-Q prior to us procuring goods from them. If suppliers are unwilling or unable

to carry out corrective actions, we reserve the right to terminate the business relationship and any agreements with suppliers immediately.

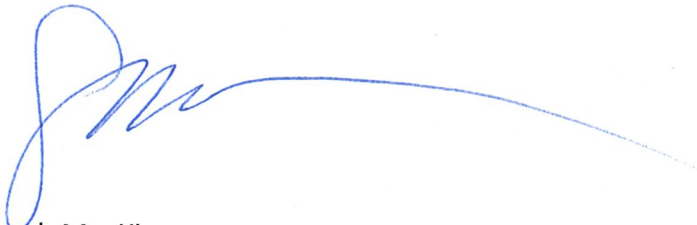
NEXT STEPS

Continuous improvement is one of Delta-Q's values. During 2024 we will formalize our framework and processes for ensuring that suppliers throughout our supply chain are doing what they say they do, in regard to ESG initiatives, and specifically forced labour.

We will also provide training to our procurement and supply chain team on the key elements of the Zapi Group Supplier Code of Conduct and Code of Ethics. Labour rights and forced and child labour will be specific topics within the training.

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.



Sarah MacKinnon

CEO

May 31, 2024

I have the authority to bind Delta-Q Technologies Corp.