

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS

ANNUAL REPORT

FINANCIAL YEAR ENDING
DECEMBER 31, 2023



INTRODUCTION

Delta CleanTech Inc. (“**Delta**” or “**Corporation**”) is pleased to release its first Annual Report (“**the Report**”) on Fighting Against Forced Labour and Child Labour in Supply Chains (also referred to as modern slavery) per the requirements put forth in the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“**the Act**”). Delta plays a role in promoting human rights and responsible business practices in Canada and across our global sales and marketing locations. We recognize that risks of forced labour and child labour exist and acknowledge that understanding and managing these risks requires a collaborative approach with our suppliers, workforce and external stakeholders.

REPORTING ENTITY

Delta was incorporated on December 22, 2020, under the *Business Corporations Act Alberta* and is domiciled in Canada. The registered office of the Corporation is located at #2308 Palisade Dr. SW, Calgary, AB, T2V 3V1.

On August 19, 2021, Delta’s common shares commenced trading on the Canadian Securities Exchange (“**CSE**”), under the ticker symbol “**DELT**”). Delta is required to prepare an annual report on forced labour and child labour risks in supply chain and business activities to adhere to the *Act*.

The Report outlines Delta’s governance processes, existing measures, and progress made in the 2023 fiscal year to prevent and mitigate the risks of modern slavery across our supply chains. This Report is made pursuant to the *Act* and was approved by the Delta Board of Directors (“**BOD**”) on May 14, 2024.

CORPORATE STRUCTURE AND BUSINESS ACTIVITIES

Delta owns or partially owns Delta CleanTech Inc. – Abu Dhabi (“DeltaUAE”); CO₂ Technologies Pty. Ltd. (“CO₂ Technologies”); Carbon RX Inc. (“Carbon RX”) and Methanator RX Inc. (“Methanator RX”). Delta and each of its associated companies has its own board of directors responsible for directing and overseeing business activities.

Delta is a clean energy technology business that is dedicated to providing proven clean technology solutions that address the Environmental Social Governance (“**ESG**”) needs of corporations. The principal activity of Delta consists of the following five business sectors:

- 1) CO₂ capture;
- 2) Hydrogen Production (CO₂ Capture);
- 3) Solvent and Ethanol Purification;
- 4) Methane Collection and Destruction; and
- 5) Carbon Credit Validation, Certification, and Trading.

Delta provides the above services by bundling its patented process design intellectual property, with CO₂ capture, methane destruction and solvent purification. The proprietary and patented technologies are designed to reduce the cost of carbon capture, methane destruction, and solvent and ethanol purification creating compliance and voluntary offset carbon credits. Delta’s projects are engineered to lower capital and operating costs, while at the same time delivering superior performance through energy reduction and lowering emissions. Further, Delta Purification® is a solvent and glycol purification division, focused on the field of purifying, reclaiming, recycling and reusing solvents and glycols, providing energy processors and heavy industry participants the option of reclaiming and not disposing of these waste materials in underground disposal wells.

Delta is a leading provider of technology for pre/post-combustion CO₂ capture from industrial sources, enabling significant and economical reduction of greenhouse gas emissions. Delta’s goal is to deliver practical solutions to reduce green gas emissions, CO₂, utilization, and help solve the challenges of energy security and transition.

GLOBAL SALES AND MARKETING LOCATIONS



REGIONAL SALES OFFICES



OPERATIONAL ACTIVITIES

These operational activities collectively enable Delta to design, produce, and deliver innovative clean technology solutions to customers while maintaining high levels of quality, reliability, and customer satisfaction.

- Delta offers proprietary clean technology solutions to address the ESG needs of corporations.
- Delta invests in R&D to innovate and develop new clean technology solutions. This involves conducting research, prototyping, and testing to bring new products to market.
- R&D activities focus on improving existing products, exploring new technologies, or addressing specific customer needs and market trends.
- Delta's engineers and designers work to translate corporate requirements into concepts and viable product designs. Delta focuses on optimizing product performance, functionality, and sustainability while ensuring compliance with industry standards and regulations.
- Product design and engineering activities involve modeling, simulation, and prototyping to refine designs before they enter the manufacturing phase.

SUPPLY CHAIN

In 2023 reporting period, Delta's supply chain consisted primarily of engineering and procuring which is executed from Canada:

- **Project Design Package (“PDP”) and Modeling:** Developing a comprehensive PDP involves creating detailed plans, specifications, and models based on the clients specific parameters and requirements of the CO₂ capture project. Including process flow diagrams, equipment specifications, and instrumentation plans.
- **Engineering Time-Based Services, Technical Support, and Maintenance:** This includes providing ongoing engineering support and maintenance for CO₂ capture plants. This involves regular inspections, troubleshooting, repairs, and optimization to ensure smooth operation and efficiency.
- **Contract Labour Services:** Offering contract labour services provides flexibility in staffing for various aspects of the CO₂ capture project. This may involve hiring additional expertise for specific tasks or bringing in consultants for specialized advice or support.
- **Specialized Services and Contracting for CO₂ Capture Plant Installation:** This involves providing specialized services and contracting specifically tailored to support the installation of CO₂ capture plants. This includes site preparation, equipment installation, commissioning, and testing to ensure that the plant is installed and operational according to engineered specifications.

ADDRESSING FORCED AND CHILD LABOUR RISK IN DELTA'S OPERATIONS AND SUPPLY CHAIN

OPERATIONAL RISK

Delta considers itself at a negligible risk exposure to forced and child labour within its operations. Reasons supporting this assessment include:

- Delta has less than 20 employees including consultants which is a relatively a small company in terms of employee number;
- Individuals are engaged in complex field of industry that requires advanced knowledge and expertise, which is secured through direct employment contracts and consulting arrangements. This direct form of employment ensures better regulation and reduced oversight, contributing to the protection of workers' rights and the promotion of ethical labour practices.
- Delta maintains high ethical standards with minimum exposure to forced labour and child labour due to the robust protections enforced by the Canadian and provincial labour laws. These laws are designed to safeguard workers from exploitative practices in the organizations. *The Canada Labour Code*¹ (“CLC”) provides a structured approach to industrial relations, occupational health and safety for employees within federal jurisdiction. Meanwhile, the *Alberta's Employment Standards Act*² offer specific guidelines for youth employment, ensuring that young workers are granted fair pay, reasonable hours, and safe working conditions. These measures collectively contribute to Canada's low exposure to forced and child labor, reflecting the country's dedication to protecting the rights and well-being of its workforce.

SUPPLY CHAIN RISK

Key procurement and supply chain areas are outlined above. Delta understands that identifying forced and child labour within supply chains is indeed a challenging task due to the hidden and complex nature of these practices. There may be potential risk of modern slavery practices in two key categories:

- **Offshoring:** Certain work may be conducted or outsourced by our suppliers including for corporate and support services to take advantage of lower labour costs. While this can be beneficial for suppliers seeking

¹ [The Canada Labour Code](#)

² [Alberta's Employment Standards](#)

to reduce expenses, in some cases, suppliers may prioritize cost savings over ethical labour practices, leading them to partner with suppliers or subcontractors in Asia where labour regulations are weakly enforced. This lack of oversight can make it easier for forced labour and child labour to go undetected within the supply chain.

- **Geographic Risk:** Certain regions or countries including Asia may present higher risks of forced labour and child labour practices due to various factors such as weak labour laws, corruption, poverty, and social instability. For instance, conflict-affected areas or regions with high levels of poverty may see increased incidences of forced labour as vulnerable populations struggle to make ends meet. Additionally, cultural norms and societal attitudes towards child labour can vary widely across different geographic regions, influencing the prevalence of these practices.

DELTA'S REMEDIATION MEASURES

To mitigate the risks associated with offshoring and geographic factors, Delta conducts thorough due diligence when selecting suppliers and subcontractors, prioritizes transparency within their supply chains, and implements robust monitoring mechanisms to ensure compliance with labour standards.

BUSINESS CODE OF CONDUCT

Implementing policies and conducting due diligence regarding forced and child labour is crucial for ethical and legal compliance, as well as for maintaining a responsible and sustainable business operations. Delta has implemented a comprehensive business code of conduct, including a Forced Labour and Child Labour Prevention Policy which includes stringent measures to prevent child labour in any part of our operations and supply chain.

RISK ASSESSMENT AND MANAGEMENT POLICY

Delta's risk assessment and management policy clearly state the organization's zero-tolerance stance towards forced labour and child labour. It emphasizes the commitment to comply with all relevant laws and international standards pertaining to labour rights, including the prohibition of forced labour and child labour. Additionally, it articulates the organization's values and ethical principles regarding the fair and humane treatment of workers. The following key area of the risk assessment and management policy has developed a robust framework for preventing and addressing forced labour and child labour risks effectively:

- **Policy:** Policy outlines the overarching principles and objectives of the risk management process within the organization. It sets the tone for the entire policy, stating the organization's commitment to managing risks of child labour and forced labour exposure effectively.
- **Purpose:** The purpose highlights the importance of preventing forced labour and child labour within the Company and its supply chain. It underscores the moral imperative of respecting human rights, promoting dignity, and ensuring the well-being of workers at all levels of the organization and throughout its operations.
- **Scope:** This defines the scope of the policy in relation to forced labour and child labour risks. It encompasses not only Delta's own operations but also its supply chain, including suppliers, contractors, and consultants. The scope also extends to any other entities or stakeholders with which the Company interacts, emphasizing the need for vigilance and due diligence throughout the entire value chain.
- **Responsibility:** In terms of responsibility, the policy clearly delineates the roles and obligations of all stakeholders within the organization. This includes senior management, human resources, procurement, and compliance officers. Each stakeholder understands their role in preventing and addressing forced labour and child labour risks, whether it's through risk assessment, due diligence, monitoring, or corrective action.
- **Procedures:** Finally, the procedures section outlines the specific measures and protocols that the organization will implement to deter and mitigate forced labour and child labour risks. This includes

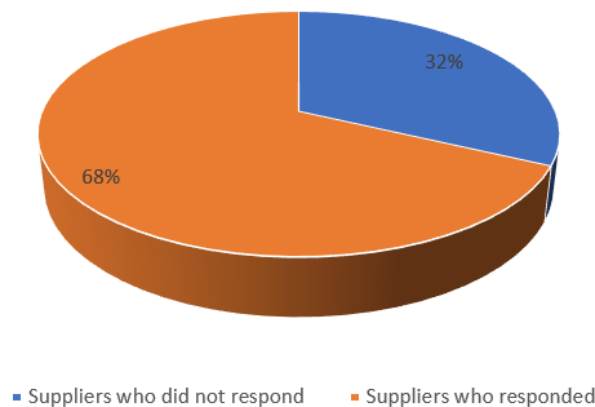
conducting risk assessments to identify vulnerable points in the supply chain, implementing supplier code of conduct agreements, conducting audits and inspections, providing training and capacity-building for employees and suppliers.

DELTA'S SUPPLY CHAIN ASSESSEMNT TOOLS

Delta uses a Supplier Management Tool (“SMT”) which is a proactive approach to assess and monitor the Company's supplier base, especially regarding critical issues like corruption, forced labour, child labour, and anti-bribery and corruption (“ABC”) risks. This process aligns with Delta's risk assessment and management policies as follows:

- **Questionnaire Design:** The questionnaire sent to suppliers is a key component of risk assessment. It's designed to gather relevant information that helps determine each supplier's risk profile. Delta includes questions about forced labour and child labour to identify potential vulnerabilities within its supply chain.
- **Risk Proofing:** The responses from suppliers help in profiling their risk levels. Suppliers who exhibit higher risks in areas such as corruption, forced labour, or child labour may require closer scrutiny and additional measures to mitigate these risks. This segmentation allows the Company to prioritize its risk management efforts more effectively.
- **Policy alignment:** The questionnaire also requests information from suppliers about their own policies and processes related to forced labour and child labour. This aligns with the Company's risk management policy, which emphasizes the importance of suppliers having robust measures in place to address these issues. It allows the Company to assess the alignment of supplier practices with its own values and standards.
- **Continuous Monitoring:** Beyond the initial questionnaire, the SMT facilitates ongoing monitoring of supplier performance and risk exposure. This allows the Company to track changes in supplier risk profiles over time and take proactive measures as needed. It ensures that risk management efforts remain dynamic and responsive to evolving threats.
- **Compliance and Accountability:** Utilizing an SMT for supplier management demonstrates Delta's commitment to compliance and accountability. By systematically assessing and monitoring supplier risks, the Company can demonstrate due diligence in preventing and mitigating risks such as corruption, forced labour, and child labour. This not only protects the Company from legal and reputational harm but also fosters trust with stakeholders.

Results of supplier questionnaire responses



TRAINING AND AWARENESS

Delta's comprehensive training program for all employees, contractors, and consultants focus on the critical issues of forced labour and child labour within our operations and supply chain. This program is designed to enhance awareness and equip our team with the knowledge and tools necessary to identify and combat these unethical practices.

Our commitment to ethical business conduct and human rights is unwavering, and this training is a significant step towards ensuring that our values are reflected throughout every level of our Company. By raising awareness and providing the necessary knowledge and tools, we are not only fulfilling our social responsibility but also contributing to a safer and more just working environment for all involved.

ASSESSING EFFECTIVENESS

Delta is committed to the ethical responsibility of mitigating forced labour and child labour risks within our operations and supply chain. Our approach has been to fortify our risk frameworks, ensuring they are robust enough to address and reduce the exposure to modern slavery. We have taken significant steps to enhance our understanding and capabilities in identifying potential risks of modern slavery.

In line with Canada and the Act, Delta has been proactive in our efforts to comply with the reporting requirements. Our actions include rigorous supply chain analysis, third-party risk assessments, and implementing remediation measures where necessary. We believe that these efforts will not only align us with regulatory requirements but also strengthen our social responsibility and corporate governance.

We will continue to assess the effectiveness of our actions and make improvements as required. Our goal is to ensure transparency and accountability in our fight against modern slavery.

Delta's annual risk assessment policy is reviewed on a consistent basis with valuable contributions from various departments, including sustainability groups. This comprehensive review allows us to effectively investigate and monitor forced labour and child labour exposure in our operations and supply chain.

Delta's commitment to maintaining the highest standards of integrity and transparency is further reinforced by our regular risk-based assurance activities. These include a range of measures from external independent audits to internal supply chain-focused assurances, ensuring that we stay ahead of potential risks of modern slavery and continue to operate responsibly.

REPORT APPROVAL AND ATTESTATION

In accordance with the requirements of The Act, and in particular section 11 thereof, we attest that we have reviewed the information contained in the Report for the entity or entities listed above, in accordance with the Policy, and more specifically subparagraph d(ii)(B). We attest to the truthfulness, accuracy, and completeness of the contents within, reflecting due diligence for the reporting financial year ending December 31, 2023.

Signed "Jeffrey Allison"

**JEFFREY ALLISON,
PRESIDENT & CEO**

Signed "Lionel Kambeitz"

**LIONEL KAMBEITZ,
DIRECTOR**

Signed "Wayne Bernakevitch"

**WAYNE BERNAKEVITCH,
CHAIRMAN**

Signed "Garth Fredrickson"

**GARTH FREDRICKSON,
DIRECTOR**