

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, 2024.

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, including our supply chain, and we are committed to ongoing monitoring and improvement of 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.

STEPS TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR

For this reporting period we took the following steps to continue to prevent and reduce the risk of forced labour or child labour in our business and supply chains:

- Mandated all employees to review our Corporate Zapi Group Code of Ethics. This Code of Ethics outlines basic human rights treatment and includes our policies on working hours, forced labour, child labour, gender equity and non-discrimination.
- Provided training on forced labour and child labour to a targeted group of employees.
- Sent a self-assessment questionnaire on this subject to our key supply chain vendors that represents approximately 74% of our entire spend of goods and services for the year. We focused primarily on suppliers in high-risk countries like China and India. Details to follow in this report under “adherence to policies”.

OUR SUPPLY CHAIN STRATEGY

Delta-Q’s supply chain strategy is to partner with leading contract manufacturing partners, 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 Flextronics International (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>. In 2024, Delta-Q’s products were manufactured at two of Flex’s production facilities: China and Mexico.

Also, during 2024 Delta-Q has teamed up with another leading contract manufacturer located in Mumbai, India: Syrma SGS (SGS). SGS, a Tandon Group company is known for its presence in electronics manufacturing since the late seventies and has played a leading role in India’s early electronics manufacturing foray. SGS has been in operation for over 40 years and is publicly listed on the National Stock Exchange of India (NSE). As a public company they work with their suppliers to enforce a signed Vendor Code of Conduct that ensures compliance with applicable national laws and regulations on those related to labor, immigration, health and safety and the environment. Their vendors are urged to respect internationally recognized human rights standards and to work towards them in all business activities within their own sphere of influence. Any slavery, servitude, human trafficking, forced or compulsory labor are prohibited. Their Vendor Code of Conduct specifically calls out minimum employment age and compliance with working hours and work environment.

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 Employee Handbook and the Code of Ethics are presented to new employees of Delta-Q as part of their onboarding process and are referenced regularly in our all-employee meetings. These documents are accessible to all employees on our intranet site.

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 regards to their suppliers, including Delta-Q.

Delta-Q reviews ESG initiatives with Flex as part of our regular business reviews. These annual 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.

In 2024 Delta-Q began setting up a production line at SGS. Delta-Q plans to follow the same annual business review protocols as Flex.

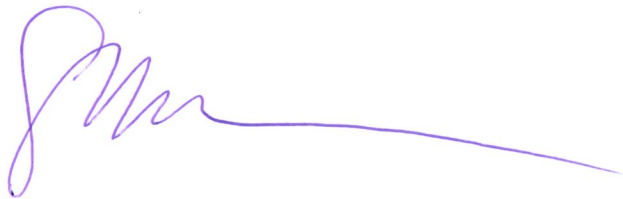
During 2024, Delta-Q updated our Supplier Qualification Process checklist to specifically identify and assess the risk of forced labour. Suppliers that do not have adequate controls in place will not pass our qualification and will need to take the necessary corrective actions and report progress to 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.

Continuous improvement is one of Delta-Q's values. As mentioned for the fiscal 2024 year Delta-Q sent out questionnaires targeting current suppliers mainly in high-risk countries that represented 74% of total spend. This consisted of 13 suppliers in our supply chain that provided goods to Delta-Q during 2024. The other 26% include goods and services including warehousing, freight, rental leases, utilities, and professional consulting services primarily in lower-risk countries. Of the 74% covered by the questionnaire, our contract manufacturers, Flex accounted for 68% and SGS 0.5%.

For the upcoming year, Delta-Q will work with our supply chain vendors in any deficient areas that are identified through the questionnaire.

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 28, 2025

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