

SUSTAINABILITY REPORT 2019

This report is published for key stakeholders to better understand Powertech's approach to sustainability, the associated actions undertaken and our performance for the past 12-month period ended 31 March 2019.



Powertech
The Power of Trust. The Future of Energy.

MESSAGE FROM OUR HSEQ DIRECTOR

Fiscal 2019 was consistent with our expectations and another record year of client satisfaction scores. While we did not see a significant increase in the top line, a 13% increase in the bottom line was achieved. We delivered profitable growth while maintaining our disciplined approach to capital spending. We also recognize that sustainability goes beyond financial performance. To this end, during Fiscal 2019, we continued to expand our testing, R&D, and consulting business safely and responsibly while meeting the high expectations of our shareholder and customers.

At Powertech, we are proud of what we do and how we do it and where we are headed. We are honing our focus and making decisions today that are driven by our view of the future moderated by our customers. We undertook improvements designed to enhance our safety, health, environmental, quality, and social performance, as we consider this essential to the sustainability of our ongoing business.

Going forward into Fiscal 2020, we consolidated Health, Safety, Environment and Quality under one Director. We believe having one person responsible for Corporate Compliance creates efficiencies and ensures consistency.

Throughout this sustainability report, we place emphasis on transparency. We hope to bring our customers, staff, suppliers, and many other stakeholders with us on this journey toward a more sustainable future.



Madhvi Ramnial
Director, HSEQ Accreditation and Compliance
Health, Safety, Environment, and Quality (HSEQ)

While Powertech has made significant improvements in our operations in Fiscal 2019, we recognize that we will always need to continue to enhance our compliance programs. We are committed to continuously challenging our staff, improving our processes and procedures to ensure each year an improvement over the previous year.





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ENSURING SUSTAINABLE PERFORMANCE

Powertech Labs is a global leader in the provision of laboratory testing and technical services, and one of the largest testing and research facilities in North America.

In its operations, Powertech strives to achieve six corporate objectives, including:

- Safety—ensure ever higher levels of safety for employees, with zero serious incidents as a goal
- Financial Performance—grow net income
- Growth and Innovation—innovate and launch new services to maintain competitiveness
- Customer—improve customer satisfaction
- Sustain the Business—improve operational continuity
- Quality—strengthen the quality of our work

At the core of those objectives is a commitment to enhancing the sustainability of our operations and performance. In its broadest sense, sustainability involves promoting economic growth while supporting the health and well-being of the staff and community and protecting the natural environment.

At Powertech, sustainability means conducting our operations in a **safe** and responsible manner, recruiting and supporting the development of energetic technical **staff**, demonstrating a respect for the **environment** by meeting or exceeding Federal, Province, Municipal and Shareholder compliance, and continually improving the **quality** of our operations and services.

This report provides a record of our strategies and achievements towards driving sustainability in Fiscal 2019 to higher levels.

As evident by the range of accomplishments across many aspects of the business, sustainability is a core value to our management, staff and customers. This is the third annual sustainable development report produced by Powertech Labs Inc. and includes an evolution from previous reports.



SOCIAL - SAFETY

At Powertech Labs, safety is everyone's responsibility. From the top down, all of us must ensure we work in a safe environment. We recognize the responsibility that comes with managing the complex daily operation of our laboratories and offices, and we understand the gravity of potential consequences of failing to be safe. Keeping people and assets safe while being responsible stewards of the environment is critical to the operations. In short, irrespective of our financial performance, one serious safety incident will undermine all other achievements.

Our safety policy states that:

"Powertech Labs will conduct its operations in a responsible manner that eliminates or minimizes risks and hazards that impact the health and safety of employees, contractors, customers, and the public."

Powertech is committed to meeting or exceeding the applicable federal, provincial, municipal, and BC Hydro requirements. We will work to continually improve our Health and Safety Management System to enhance our safety performance. At the core of our safety approach is the involvement, empowerment, and accountability of each employee to ensure a safe and healthy work environment for themselves, their colleagues, and their customers.

All staff are responsible for their own and their team's safety. No job is so important or service so urgent that we cannot take the time to perform our work safely."

On a daily basis, our risks include high voltage and electric power, high temperature, high pressure, equipment under stress and chemicals. In some cases, multiple risks are present in one laboratory. Furthermore, this is compounded as our laboratories have a flexible lay-out depending on what is being tested. All actions require staff to be vigilant, and to operate as one team while looking out for each other.

Our values—Safety, Innovation, Accountability, Integrity, Service, and Teamwork—inspire our actions and further amplify that safety is core to how we operate.

" We recognize the responsibility that comes with managing the complex daily operation of our laboratories and offices, and we understand the gravity of potential consequences of failing to operate safely."



Irfan Manzoor

Occupational Safety & Health Specialist

Employee Safety

Powertech Labs invests in employee safety by providing the right tools, tailboarding and lock-out training and ongoing safety training. All designed to be safe.

Safe Work Observation

In Fiscal 2020, Powertech plans to embrace and adapt BC Hydro Safe Work Observation (SWO) program to help improve the safety of its operations. This program provides safety auditing skills, so supervisors and employees can observe workers who are performing normal work activities, reinforce work practices, and correct unsafe acts and conditions. A safety observation report is then generated and used as a tool by the supervisors to document hazards as well as safety commendations in the workplace. In order to have an effective implementation of the SWO program, Powertech identified and arranged a customized training for the selected team-leads and managers in early Fiscal 2020. This training and guidance will help us conduct SWOs in the most effective manner throughout the year.



Tailboarding

Identified as an opportunity for improvement, in Fiscal 2019, Powertech reinforced its commitment to conducting effective and consistent tailboarding. Tailboarding is complicated by the fact that many tests may be ongoing in one laboratory with many staff coming and going as the tests proceed. Tailboarding (also called Toolbox Talk or Safety Talk) is a common industry practice, which involves a job briefing used by supervisors to brief existing and new site workers on hazards associated with the job, the work procedures, specific precautions associated with the job, energy source controls, personal protective equipment, and other safety considerations. Tailboarding aims to ensure all workers on the job site have the same knowledge, to increase hazard awareness, and to reduce workplace accidents. This year, to improve tailboarding, Powertech evaluated its practices, noted areas of inconsistency, and developed appropriate guidelines, training, documents and standards for these briefings.

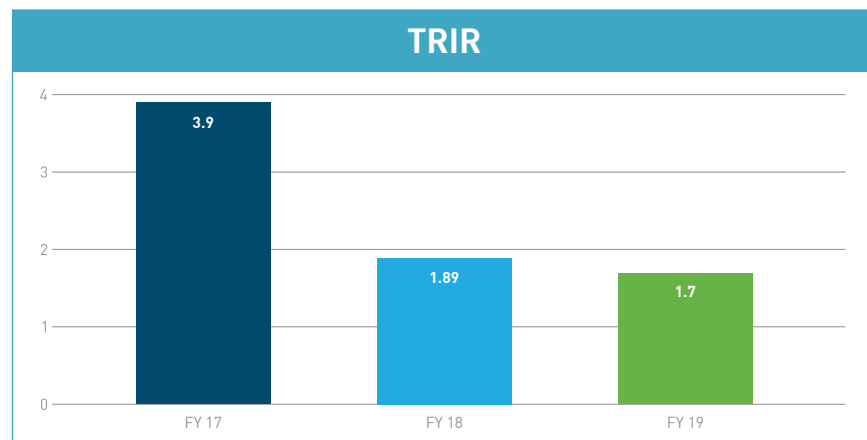
Powertech's health and safety management system has been developed to ensure employees are protected from workplace hazards through the effective development and implementation of health and safety plans,

procedures, monitoring processes and continuous improvement activities. Developing a strong culture of safety and delivering superior safety performance are achieved by having a dedicated and engaged leadership team who work with a committed and skilled workforce. Through our Occupational Health and Safety Program, Powertech's operations emphasize the importance of occupational safety, risk management, emergency preparedness, and environmental performance, along with a stringent focus on safety. The JHSC (Joint Health and Safety Committee), with representatives from across the full depth and breadth of Powertech, ensures that concerns are raised, investigations started and completed, and recommendations implemented. The full leadership team meets monthly to review the safety performance as well as planned actions.

Safety training is an important pillar of our due diligence. To this end, every staff member completes an annual assessment of training needs and is assigned training. Training spans both computer as well as hands-on requirements.

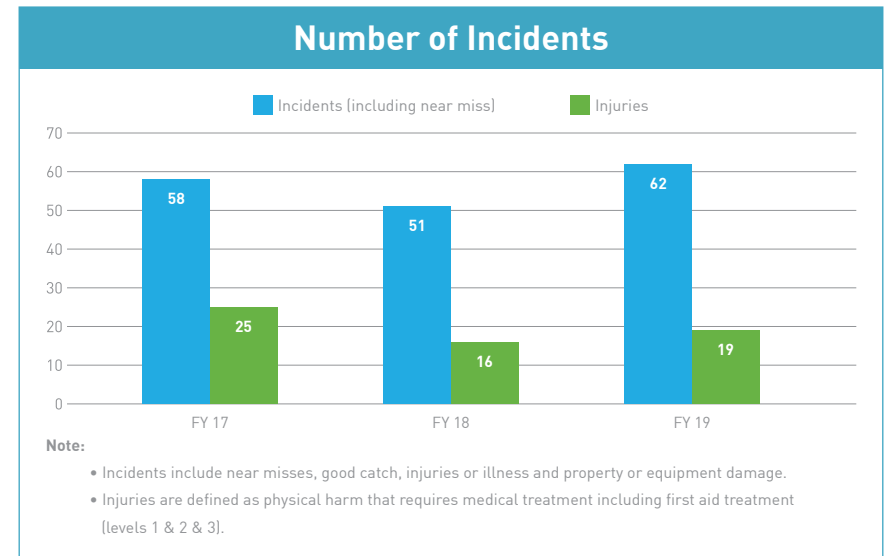
Safety Performance Record

Overall safety performance in Fiscal 2019 matched Fiscal 2018. The results show that actual number of injuries at Powertech increased by 18.8% in Fiscal 2019 when compared with the total injuries reported in Fiscal 2018. We attribute this to a more stringent reporting requirements. In overview, there were 2 cases of restricted work, 1 medical treatment case, and 16 cases of first aid treatment by Powertech trained First Aiders on campus. As at the end of Fiscal 2019, our Total Recordable Incident Rate (TRIR) dropped by 10% compared to the Fiscal 2018 TRIR. Although the recordable incidents increased in Fiscal 2019, the increase in number of employee hours impacted the TRIR from 1.89 in Fiscal 2018 to 1.71 in Fiscal 2019. There is also marked decrease over the last 2 years as we increased our focus on safety and oversight.

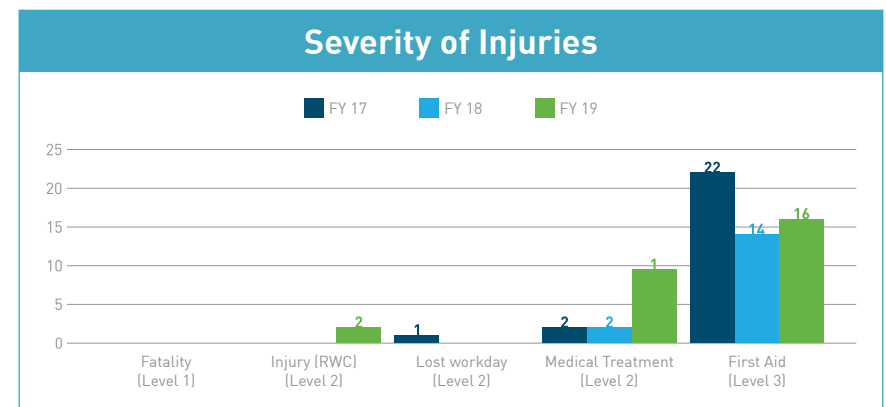


The TRIR is a standard industry measure to showcase safety performance and includes all injuries. This includes medical treatment case, restricted work case, lost workday incident and fatalities. Both cases of restricted work had underlying causes related to gaps in mindfulness of the work environment and surroundings. Awareness among similar work groups was reinforced to avoid recurrence since behavioral safety strongly relies on reminders.

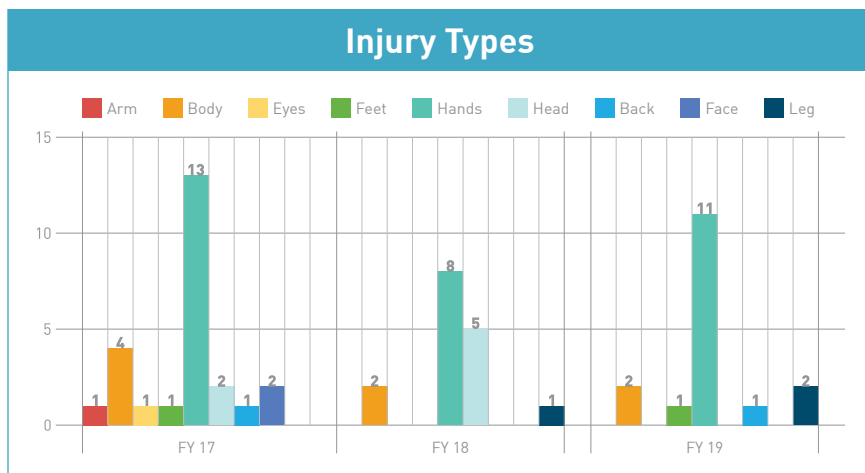
With the focus on safety awareness, effective walkthrough inspections, and a culture of incident reporting without any repercussions for employees, Powertech staff reported a total of 62 incidents in Fiscal 2019. This open reporting culture helped the organization capture many incidents at the near-miss level and, therefore, avoided actual injuries or cases of occupational illness.



By definition, included under incidents are injuries and near-misses. Most of the reported workplace injuries lead to on-campus first aid treatment as shown in the figure below.



Refining the analysis further: The injuries shown above are disaggregated in the graphic below. As regards the types of injuries, 60% of injuries were hand-related, and in particular, improper job hazard review was the underlying factor. The typical incidents of hand injury involved activities such as use of powered drill, handling sharp material, cleaning equipment, and use of a cutting knife. Though a decrease is observed, hand injuries still remain the highest recordable injury, leading to a refocus on job hazard identification in a tailboarding review and use of appropriate Personal Protective Equipment (PPEs).



As no work days were lost in any of the recordable injuries, Powertech maintained its Injury Severity rate at zero (Fiscal 2018 also recorded 0

lost work days). As background: The last event of a lost time work happened in Fiscal 2017 when 19 person-days were lost due to 1 injury.

Safety Accreditation - ISO 45001

Further, as a demonstration of our commitment to safety, Powertech has set the objective of being accredited/certified as an ISO 45001 organization. This marks a significant step-improvement in our approach to safety. This achievement would complement our existing ISO 9001 and ISO 14001 accreditations. To this end, we have completed two internal audits and an annual management review for the last two consecutive years with each review identifying non-compliance issues as well as OFI's (Opportunities for Improvement) in our safety system. These findings are being addressed, and we are on-track for a formal external audit by the end of Fiscal 2020, with formal accreditation likely to be achieved in Fiscal 2021.

SOCIAL - TALENT RECRUITMENT & MANAGEMENT

Recruitment

Powertech is committed to attracting inquisitive, innovative and energetic technical staff to support the company's growth on the forefront of new technology development and application. This growth is reflected in the pace of recent recruitment. Over the past five years, the company has recruited an average of 40 positions per year. The impact of this rapid growth is that demographics of Powertech have shifted to a younger workforce. Today, 55% of staff started work after 2014, and 45% of staff are under 35 years old.

Powertech has also made concerted efforts to recruit female engineering, management, and technical staff in support of gender equality. For example, in the first quarter of Fiscal 2020, Powertech hired 13 technical staff, of whom six were female, including four engineers, one scientist, and one chemical technologist. With less than 30% of the staff female, we recognize that we have some distance to go before true equity in gender is achieved.

In addition, to find the highly specialized technical knowledge and skills needed in the different facets of its business, Powertech attracts talent from around the globe such as China, India, Iran, Europe and Australia to fill positions for scientists, engineers, and technical specialists. These global outreach efforts take advantage of foreign worker programs that support foreign skilled workers and students studying in Canadian universities and colleges. Upon graduation, the federal government makes students eligible for three-year work permits. Powertech hires these graduates and then supports them for permanent residence. Foreign hires include international graduates, post-doctoral fellows, and PhDs. We also make use of the federal Mitacs program which has served us well in the past.

Welcoming

Once hired, employees are welcomed into the company through formal orientations and informal social activities such as new-hire luncheons

“ Powertech is committed to attracting inquisitive, innovative and energetic technical staff to support the company's growth on the forefront of new technology development and application. ”



Susie Franzke
HR Manager

and promotion of their profile on the intranet all of which help with settling new employees and making them feel welcome and appreciated.

“I was impressed with the new hire onboarding process at Powertech. It is a very organized process that made me feel welcome on my first day.” - Maria Luisa Barroga, Senior Engineer – Quality, HSEQ Accreditation & Compliance

Development

Powertech supports employees' professional development through on-the-job experience, relationship building, and formal training. This is reflected by our engagement index of 86 % from Fiscal 2019 Employee Engagement Survey. For example, Powertech supports the engineering staff in attaining P.Eng. certification through Engineers Geoscientist B.C. (EGBC) and other professional certifications. Further, we encourage and assist the technical staff in achieving certifications through the Applied Science Technologists and Technicians of BC (ASTTBC) for Applied Science Technologist, Certified Technician, and other designations. Promotion of other skills is more informal, such as our sponsorship of a local and vibrant toastmaster club, which helps employees develop public-speaking skills. In short, we invest in our staff in order to strengthen our organizational capability.

As acknowledgment of professional development, we encourage every staff member to have a constantly evolving Personal Development Plan (PDP), which is reviewed every six months. The process of the PDP program also incorporates continuous coaching, feedback, and progress assessment throughout the annual business cycle. In Fiscal 2019, 94% of Powertech staff took part in the PDP program.



Employees are responsible for managing their own careers, and we offer many tools to assist employees in career development. In Fiscal 2019, our employees logged 2,918.50 hours in training.

Performance development at Powertech involves year-round coaching and feedback, and the continuous conversations help employees succeed and be engaged. These ongoing conversations typically revolve around these three components:

- Align—help employees understand how their work aligns to Powertech's priorities and initiatives, and then set their specific work and development goals for the year.
- Acknowledge—provide appropriate feedback and coaching to recognize, monitor and measure employee's contribution
- Develop—support employees to perform at their best and provide opportunities to further develop in their career.

"I strongly believe that Powertech is a company that adds significant value to each **employee**, and it helps each individual reach her or his highest potential."

- Sunil Joshi, Materials Technician, Civil Technologies

"This company offers more than a job. Here you can build a career. I've received excellent training, and the development opportunities are **limitless** if you are ambitious. The friendly atmosphere of my team and its diversity make every working day a pleasure."

- Madhvi Ramnial, Director, HSEQ Accreditation & Compliance

Social - Employee Health & Wellness

Besides a comprehensive health benefits plan, Powertech offers multiple programs to help employees achieve improved health and wellness. Our Health and Wellness Program is intended to educate, encourage, and challenge all employees to improve their overall well-being through nutrition, physical activity, stress management, and biometric screenings.

Powertech draws on BC Hydro's Employee and Family Assistance Program (EFAP), which offers immediate, confidential support to assist with critical life problems and challenges.

Employees and family members can receive support over the phone, in person, online or through a variety of issue-based health and wellness resources.

Powertech has a vibrant, employee-managed Activity Committee, which arranged more than 30 staff driven activities in Fiscal 2019. Activities ranged from social (e.g., Kids' Christmas Party, Lunch Days, Family Summer Barbeque, go karting, curling, bowling, wall climbing, etc.) to athletic (e.g., BCH Hockey Tournament, Tough Mudder, basketball/soccer/volleyball/badminton teams, and winter activities at local mountains), to health-related (Pilates, Boot Camp, Infant and Child CPR, etc.) activities. Under the leadership of the Activity Committee, Powertech has a state-of-the-art gym on campus, open to staff at all times. Staff are actively encouraged to use the gym, augmented by special training, such as the hiring of a local triathlon coach.

The Health and Wellness program sponsors a wide range of events and activities, which enjoy a high level of participation. For example, 26 Powertech runners participated in the Vancouver Sun Run, Canada's largest road race, and the team finished 13th out of 82 teams in the engineering category.

"I think that right now we have a real focus on company culture. It shows that we're interested in people's development, both professionally and personally, as well as the balance between work and life."

- Darren Bromley, Director of Generation Technology and Testing

"There's definitely a balance between work and extracurricular activities that are planned at Powertech, and I find this makes a very strong bond between coworkers."

- Rhueella Demegillo, Electrical Technician (Generation Technology & Testing)



Social Responsibility - Sustaining Community Engagement

Powertech values its community relationships and strives to be a safe and responsible employer, neighbour, partner, and operator. Powertech is proud of its enduring relationship with the City of Surrey, and the city holds Powertech up as an example of a local firm, with a significant global brand name and reach, which attracts highly skilled individuals to work in Surrey.

Community Investment

Powertech staff are generous with their time and money. Powertech offers our employees the opportunity to amplify their donations to social and community causes that they care about through donation matching from Powertech. In Fiscal 2019, employees across Powertech supported several initiatives through the United Way such as improving life locally and across Canada, community food banks, and development charities working across the world. In Fiscal 2019, Powertech and staff donated \$44,049 to the United Way, with Powertech providing 50% of this in matching funds. Every year Powertech also supports two adopted families during Christmas by collecting donation including food, gifts, and gift cards. An employee bake sale for the Society for the Prevention of Cruelty to Animals (SPCA) raised \$514. In addition, Powertech employees participated in community tree planting and raises awareness around anti-bullying through pink shirt collection in Surrey.

The Green Team

The Powertech Green Team is a volunteer, project-based group that helps integrate environmental thinking across all business departments and engages employees to solve specific sustainability-related issues.

Tree Planting

Trees within the built environment provide numerous environmental, economic and social benefits to commercial firms and residents alike. Powertech's Green Team is dedicated to the protection, improvement, and addition of trees within the urban setting. In 2019, the team plans to organize tree planting on the Powertech campus to contribute to sustainability.

Commuter Challenge and Bike to Work Week

Powertech annually participates in the Commuter Challenge, a nationwide program implemented to encourage sustainable commuting. Employees who telecommuted or used public transportation saved

1,370km and helped the Powertech team to finish third among Surrey participants. Powertech also added three car pool spaces in priority parking for staff who car-pool. Each year the Green Team registers and takes the lead in the Bike to Work Week event. In Fiscal 2019, Powertech cycled a total of 980 km in one week, and finished fourth in the BC Hydro Lower Mainland standings.

Powertech Garden

Powertech has nine community garden beds on campus, where employees can grow and harvest fruits, vegetables, herbs, and flowers.

Tire Pressure Clinic

To reduce vehicle fuel usage, the Green Team sponsors a bi-annual event where employees can have their tire pressure checked and corrected.



ENVIRONMENTAL PERFORMANCE

Environmental Management System

Powertech has a well established Environmental Management System (EMS), which ensures environmental risks are identified and prevented or mitigated. This culture of environmental risk management is instilled throughout the company, with the EMS in place at Powertech for more than 15 years. Powertech's EMS is ISO 14001:2015 certified. Powertech continually strives to improve its environmental performance through commitment, investment and innovation.

Environmental Policy

Powertech's Environmental Policy states:

"We will demonstrate respect for the environment by managing our operations in a manner that continuously minimizes pollution, waste and consumption of resources across the life cycle of materials, products, and services. Powertech is committed to meeting or exceeding its compliance obligations. We will work to continually improve our environmental management system to enhance our environmental performance. We will conduct business with full transparency by sharing our environmental plans and performance with all interested parties."

This policy is not a substitute for sound judgment. All staff are responsible for implementing this policy as it pertains to their roles and encouraged to constructively challenge actions that may have adverse impacts on the environment."

Significant Environmental Risks

Powertech maintains a Register of Environmental Risks. This register identifies and quantifies our key risks and the control measures in place. Powertech's drive for innovation from our 25 teams across 6 technical sectors leads to an average of 10 new services being offered every year. Our Environmental Risks are, therefore, ever-changing, meaning our Register of Environmental Risks is under constant review.

All projects, services, and capital expenditures undergo a safety and environmental risk assessment, which ensures potential impacts are accounted for and controlled in the planning phase.

" Powertech's Environmental Policy states: 'We will demonstrate respect for the environment by managing our operations in a manner that continuously minimizes pollution, waste and consumption of resources across the life cycle of materials, products, and services.' "



Mark Condon

Environmental Technical Specialist

The following are significant environmental aspects recognized by Powertech pertaining to our daily operations. These aspects are addressed and prioritized by Powertech's Environmental Management System.

- Air emissions management
- Spill management
- Polychlorinated biphenyls (PCB) management
- Hazardous waste management
- Stormwater management
- Wastewater management

Regulatory Compliance

Powertech complies with, and exceeds where practicable, all municipal, provincial, and federal regulations. Powertech also complies with all relevant policies of its shareholder, BC Hydro. Regulatory compliance is ensured by an annual self-imposed environmental compliance audit by an external consultant, internal environmental audits on all teams, and quarterly environmental regulation checks. We also are connected to BC Hydro environmental teams which provides critical insights into changes in regulation. This ensures we are aware of all compliance requirements.



Environmental Performance

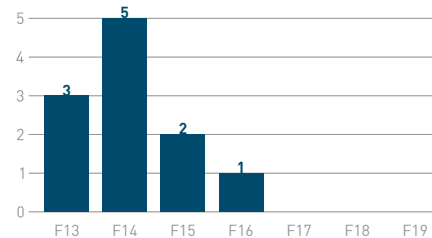
No significant environmental events occurred in Fiscal 2019. Powertech self-identified seven environmental infractions in Fiscal 2019, which were reported by Powertech to the appropriate federal, provincial, and/or municipal agencies as required (all to the Environmental Emergency Program [EEP]). Of these infractions, four were due to refrigerant gas leaks and the other three were detected through our active stormwater monitoring program. Powertech reviews all infractions to learn from the events and takes corrective and preventive actions to prevent recurrence. For example, we now have an active routine monitoring program covering all our refrigerations systems on campus to ensure we detect leaks early. This stop-gap is working while we look for more permanent measures to reduce refrigerant leaks.

Focused effort and investment in the second half of Fiscal 2019 have seen stormwater management and refrigerant gas leak performance improve significantly. No reportable leak of refrigerant has occurred since September 2018.

Key Performance Indicators (KPIs) are reported and analyzed at monthly management meetings. These KPIs include resource and energy consumption, waste disposed, and environmental incidents. This analysis allows the effective targeting of investment in these areas.

Spill Management

Spills Impacting or Potentially Impacting Natural Environment



Powertech recognizes that our most significant environmental risk is spills of hazardous material. The primary source of spills is from oils used during testing. To this end, Powertech places considerable effort and invests significant resources to ensure the risk of spills to the environment

is managed. We remain committed to improvements that could reduce spill impact to the environment. In short, the focus of Powertech's spill management program is prevention.

The primary measures by which our spill risk is mitigated are the following:

- Root cause analysis and corrective/preventive action implementation and verification for all environmental incidents including minor spills.
- Monthly walkthroughs of all relevant work areas. Resulting findings are acted upon through our Joint Health and Safety Committee.
- Site-wide internal environmental audits.
- Secondary containment of all hazardous liquid substances.
- Documented work methods and a robust worker training system.

Polychlorinated Biphenyls (PCB) Management

Polychlorinated biphenyls, commonly known as PCBs, are synthetic compounds that were manufactured for use in industrial applications until the late 1970s. They are persistent and accumulate in the environment and, therefore, in human food sources. Evidence suggests that exposure increases the risk of cancer and negatively impacts human reproduction and development. The Federal Government has set a legal end-of-use deadline of December 2025 for equipment containing PCBs. Through an active replacement and clean-up program Powertech is far ahead of this deadline. We have targeted the end of March 2020 to have a PCB-free campus. By PCB free, we mean no equipment with more than 2 ppm of PCB.

Powertech also invests and conducts research in PCB decontamination technologies. This research includes an in-house-developed reconditioning technology for PCB-contaminated oil, which is being used by energy utilities across North America.

Hazardous Waste Management

Powertech has established programs to manage its hazardous waste in accordance with all provincial and federal regulations. Powertech's hazardous waste includes oils and lubricants, solvents, batteries, paint and laboratory chemicals. Powertech minimizes the amount of hazardous waste that is both generated and stored on campus through regular campus clean-ups and formal disposal. It also actively pursues a program of reuse and recycling when the generation of waste cannot be avoided. We use only appropriately accredited waste contractors and, as part of our ISO 14001 program, we ensure that hazardous waste is disposed of as required by the BC Hazardous Waste Regulation.

Stormwater Management

The Powertech campus has an extensive system of stormwater catch basins, interceptors, and oil/water separators, which discharge to a drainage ditch and a nearby creek. The drains in higher risk areas contain sediment traps and oil/water separators. The entire system is mapped; drains are numbered and inspected monthly. Sampling of catch basins, separators, and the site's outflow is carried out quarterly. Our accredited in-house chemistry laboratory ensures that we have ready access to both the skills and equipment to perform this activity. Analysis





results are measured against the BC Regulation 63/88: Hazardous Waste Regulations, Schedule 1.2 (Standard for Discharges to the Environment or to Storm Sewers).

Due to the rarity of spills that escape our control measures and impact the stormwater system, the primary risk to our stormwater runoff is from vehicle movement and infiltration of dust and debris. To mitigate this impact, our yard is swept monthly, and selected catch basins are fitted with sediment traps. All catch basins, separators, and interceptors are pumped out and cleaned at least annually.

In high risk areas, we have established permanent berms to ensure that any spill is contained and the chemicals can't enter the stormwater drainage system.

Finally, should a spill occur and enter the stormwater catchment system, shutoff valves are available at strategic locations on the site to limit the impact. Further, all six identified high spill-risk zones on site are equipped with spill kits. All staff working within areas of high-spill risk

are trained in spill response. As backup, Powertech retains a third-party emergency response contract with a spillage cleanup contractor.

When viewed together, all the actions listed above work to ensure a robust spill prevention and response system, designed to minimize the risk of occurrence and any environmental impact from an uncontained chemical spill.

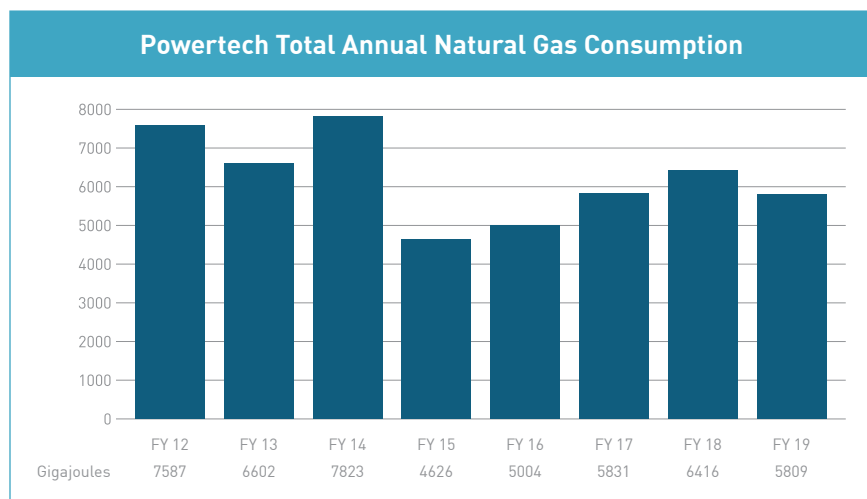
Wastewater Management

A key objective is to ensure that we know exactly what is being discharged into the waste water system. All sinks in the chemistry and other labs working with chemicals discharge into our chemical lift station (which ensures that chemicals are trapped and assessed within the campus before being discharged to the municipal system). This chemical station is visually inspected monthly and analyzed quarterly to ensure compliance with the Hazardous Waste Regulations, Schedule 1.2 (Standard for Discharges Directed to Municipal or Industrial Effluent Treatment Works).

Resources

Energy Efficiency

Powertech's rate of natural gas use has remained consistent over the last three years. The slight decrease in use in Fiscal 2019 is accounted for by a natural gas shortage in British Columbia in December 2018. Powertech uses natural gas and electricity to heat the main building as well as some of its out-buildings.

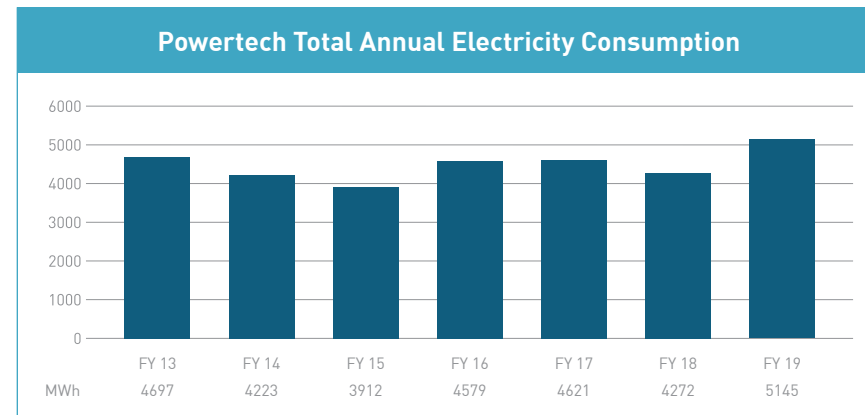


In Fiscal 2019, the main building's HVAC system was re-balanced. This re-balancing has optimized building temperature distribution and reduced the stress on both heating (natural gas system) and cooling systems (electric system).

Powertech is powered by renewable hydro-electricity (BC Hydro). Powertech's electricity use increased slightly in Fiscal 2019 due simply to an increase in business. Given that Powertech has essentially doubled its workforce and associated testing since 2012, the electricity usage has remain constant demonstrating that we are committed to being more efficient in how we use electricity. For example: the company purchased a capacitor bank for one of our Annex buildings during Fiscal 2019 to reduce the impact on the grid. This has eliminated electricity demand surcharges for the associated building.

Powertech encourages its employees to use electric vehicles (EV), providing 15 EV charging stations free of charge to its employees and to the public, 4 of which are fast chargers. Powertech estimates that, together, in a little over a year, these chargers have displaced >10,000 L

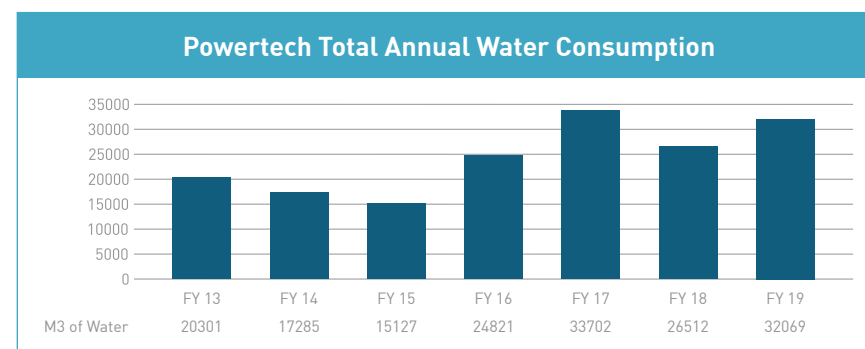
of fuel and kept 25 tonnes of CO_{2eq} GHGs out of the atmosphere. Further, Powertech generates hydrogen fuel on campus (for fueling vehicles and for laboratory use).



Water Use and Conservation

Powertech's doubling in size since 2012 has resulted in an increase in water consumption. In addition, a number of open-loop water systems (i.e., water is not recycled or reused) are in operation. One of these systems was identified for upgrade after Fiscal 2017. This upgrade accounted for most of the reduction in water consumption from Fiscal 2017 to Fiscal 2018.

Powertech is moving away from using another open-loop system in the mechanical lab. The final open-loop system which accounts for the increase in water use in Fiscal 2019, has been identified for investment in water conservation measures. These measures are scheduled to be complete by end Fiscal 2020, and will result in additional water conservation.



Life-cycle Environmental Impacts

Powertech recognizes that it has a responsibility to not only identify and mitigate the environmental impacts directly associated with its activities, but it must also identify and mitigate, where practicable, the life-cycle environmental impacts.

The life-cycle environmental impacts of all projects, services, and capital expenditures are considered during the planning phase and mitigation measures considered. Some of the means through which Powertech has reduced our life-cycle environmental impacts are:

- Preferentially working with, firstly, local and, secondarily, regional suppliers to minimize the environmental impact associated with delivery of goods and services.
- Understanding where our raw materials are sourced and making considered purchasing decisions.
- Where possible working with suppliers and contractors who have good environmental records.
- Wherever possible designing products in such a way that they can be broken apart at their end-of-life and recycled.
- Knowing where and how our waste is disposed of, and ensuring it is being disposed of appropriately under BC Hazardous Waste Regulations.

As part of our drive to minimize the life-cycle impacts of our activities, beginning in Fiscal 2020, all of our primary suppliers will have to successfully complete our comprehensive Health, Safety, Environment and Quality Supplier Questionnaire. These suppliers will include all of our waste contractors and the suppliers of all other products and services that may impact the environment.

QUALITY, INDUSTRY STANDARDS

The core of the sustainability of our business involves continually improving the quality of our operations and services according to quantifiable and internationally agreed-upon industry standards.

Our Quality Policy is:

“to continually improve all products and services to satisfy customer needs and to do so efficiently while meeting or exceeding the requirements of good laboratory practice, sound engineering principles, applicable standards, statutes and regulations.”

As employees, we are collectively responsible for implementing our policies and procedures while maintaining impartiality, confidentiality and proficiency in delivering our products and services.”

Powertech is accredited according to international standards for quality management, environmental management and competence of testing laboratories. In Fiscal 2019, Corporate set the objective of achieving ISO/IEC 17025 accreditation for at least 6 testing services. Powertech achieved and exceeded all six of the corporate-level quality objectives for maintaining and improving standards. In addition, the number of test standards included in the scope of accreditation with Standards Council of Canada (SCC) was increased by 12 to 71 standards.

Achieving these standards accreditations helps to ensure our customers, employees, and the public that Powertech is committed to sustainability and is striving to meet the highest levels of compliance and ethical practices in all areas. We believe (and this is borne out by the annual customer satisfaction survey) that this approach gives our customers confidence that our results are sound and can be trusted.

The main accreditation are as follows:



ISO 9001:2015

Quality management systems, since 1997



ISO 14001:2015

Environmental management systems, since 2002

“ Powertech is accredited according to international standards for quality management, environmental management, and competence of testing laboratories. We see our Quality Program as a competitive advantage ”



Ian Chang
Quality Manager



ISO/IEC 17025:2005

General requirements for the competency of testing and calibration laboratories.

ISO 45001:2018

Occupational health and safety management, planned for accreditation in late 2020.

Other notable accreditation programs:



EGBC OQM Certification

Engineers and Geoscientists British Columbia Organizational Quality Management (OQM) Program. This provides confidence that our Engineers are trained, mentored and remain accredited.

UL TPTDP

Certified participant in Underwrites Laboratory (UL) Third Party Test Data program. This allows Powertech to perform testing for UL without UL staff having to witness. Our accreditation with UL in the main, is a subset of our ISO/IEC 17025 accreditation

Powertech

Powertech Labs Inc. is committed to demonstrating respect for the environment and to continually improving the company's environmental performance. We will uphold our responsibility to conduct business with full transparency, and commit to meet or exceed compliance obligations.

For more information contact:

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