

2023 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

(First Version of Report)

May 29, 2024

BRILLE ENERGY SYSTEMS INC.

Business Number: 816769517 RT0001

BRILLE BATTERY INC.

Employer Identification Number: 27-2652879

Financial Reporting Year: Year Ended September 30, 2023

Other Applicable Laws the Entities Are Subject To Reporting Requirements Under The Supply Chain Legislation In Another Jurisdiction: None

INTRODUCTION

This report has been prepared jointly by Braille Energy Systems Inc. and Braille Battery Inc. for fiscal year ended September 30, 2023, in response to the reporting requirements under Canada's Fighting Against Forced Labour and Child Labour in Supply Chain Act (the Act).

As the developer of a home back-up power system currently under testing in the USA and Canadian market, and a public issuer on the TSX-Venture Exchange, that holds a majority interest in Braille Battery Inc., both Braille Energy Systems and Braille Battery recognize we play a vital role in the fight against forced labour and child labour in our operations and supply chain.

The entities are therefore required to file an annual report with an overview of our structures and operations, identifying potential areas of exposure in our operations and supply chain. The report also outlines steps taken by both Braille Energy Systems and Braille Battery to reduce and prevent the risk of the use of forced labour and child labour. It speaks to how we are addressing gaps to ensure we are compliant with the letter of the law, while making a significant positive impact in reducing and eliminating the use of under age workers and persons working against their will in our operations in Canada, USA and the operations of companies where we procure our supplies in USA and China, to improve the national economy and the global supply chain.

MAPPING BRAILLE ENERGY SYSTEMS INC. AND BRAILLE BATTERY INC. STRUCTURE, OPERATIONS AND SUPPLY CHAIN

In the previous fiscal year ended September 30, 2023, steps Braille Energy Systems and Braille Battery took to prevent and reduce the risk of forced labour and/or child labour in our business activities include mapping the entities' structures, operational activities, and our supply chains. The mapping exercise included an internal assessment of the entities' operations in Canada and USA and where we procure the inputs required for our business activities. The goal of the mapping exercises was to identify if there are parts of our activities and supply chain that carry a risk of employing under-age persons or persons forced to work against their will, based on the location of the operations.

Mapping Structure- Overview of The Structure of Braille Energy Systems and Braille Battery in 2023

Braille Energy Systems was incorporated on May 24, 2011 as Mincom Capital Inc., under the Canada Business Corporations Act as a Capital Pool Company, as defined in Policy 2.4 of the TSX Venture Exchange (TSX-V) Corporate Finance Manual ("Policy 2.4") till May 9, 2014, following the issuance of the TSX-V's Final Bulletin approving the company's acquisition of the mineral property to complete its Qualifying Transaction. Subsequent to the completion of the qualifying transaction, Braille Energy Systems was listed on the TSX-V, a stock exchange in Canada, and commenced trading as a Tier 2 mining exploration issuer.

In June 2018, Braille Energy Systems acquired an 89.95% controlling interest in Braille Holdings Inc. Subsequent to the completion of this transaction on June 21, 2018, and pursuant to the Final Bulletin issued by the Exchange dated July 25, 2018, Braille Energy Systems commenced operations as a Tier 2 technology/ industrial goods issuer, in the industrial sector, on the TSX-V. Braille Energy System sold its interest in its mineral project and in 2023 its primary focus was the development of its home back-up power system.

Braille Holdings is a holding company that wholly owns a 100% equity interest in Braille Battery Inc., a battery-manufacturing and energy storage company selling a line of lightweight high powered battery systems for the transportation market, batteries, and complimentary goods, to the professional motor sports industry.

Braille Holdings was incorporated on May 6, 2010, under the laws of the State of Florida. Braille Battery was incorporated on January 1, 2009, under the laws of the State of Florida as well. Braille Battery is located, and operating in of Florida, USA.

Mapping Activities- Overview of The Operations of Braille Energy Systems and Braille Battery in 2023

Braille Energy Systems' primary operation in fiscal 2023 was related to it is Electrafy project that developed a home back-up power system in Canada. The product is approved to Underwriters Laboratories (UL) and Canadian Standards Association (CSA) standards. The UL are most widely known for standards in electrical products and the CSA are safety standards for electrical appliances, medical devices, machinery, and equipment. Braille Energy Systems has produced a working prototype and recently had 25 units developed that are undergoing rigorous field testing in the Canadian and US markets by various potential distributors and end users. Braille Energy Systems' is principally located and operates in Ontario, Canada.

Braille Holdings Inc. is a holding company with no operations, and wholly owns a 100% interest in Braille Battery. This entity manufactures and sells a series of lines of light weight AGM batteries, ultra light weight, and high-performance lithium battery systems, with race proven technology, which has been developed over the years for transportation markets and the professional motor sports industry including racing, recreation vehicles, marine, rally, and racing bikes. In 2023 Braille Battery continued the development, manufacturing and sales of its lithium and AGM batteries and complimentary goods to a global market. Braille Battery operates from its facilities in Sarasota, Florida.

Mapping Supply Chains for Braille Energy Systems and Braille Battery's Operations in 2023

Braille Energy Systems procures all inputs for its operations for its home power back-up system developed by Electrafy, from China. All the suppliers for Braille Energy Systems operate and are located in China. Braille Battery's purchases its inputs for its battery assembly operations and accessories from suppliers that operate and are located in China and USA. The majority of these suppliers operate in China, representing the source of 57% of Braille Battery's inputs with the remaining sources from USA as detailed in Table 1: Origin of Inputs For BES1 and Braille Battery Operations.

Table 1: Origin of Inputs For Braille Energy Systems and Braille Battery Operations

Entity	Source of Inputs		Operations
	Country #1 (China)	Country #2 (USA)	
Braille Energy Systems	100% Tier 1 Direct Suppliers	Nil	Electrafy home back-up power systems prototypes and units for testing
Braille Battery	57% Tier 1 Direct Suppliers	43% Tier 2 Tier 3 Further down supply chain	Battery assembly

Braille Energy System's Supply Chain- Origin of Materials Used to Assemble Electrafy's Home Back-up Power System

Braille Energy Systems' operations in fiscal 2023 were focused on the production of the prototype of its Electrafy home back-up power system. The entity has since produced twenty-five (25) units for testing and demonstration purposes by various shortlisted potential distributors and end users. All the materials used to produce the home back-up power system units originated from China. These direct suppliers are deemed tier one suppliers, and are located and operating in China.

Braille Battery's Supply Chain -Origin of Materials Used to Assemble Battery Power Systems

The inputs Braille Battery uses to assemble its lithium and lead acid batteries, ranging from its light weight and ultra light weight high-performance lithium batteries and AGM lead batteries, chargers, and other accessories, originate predominately from China and the rest from USA. With 57% of the materials originating from China and the remaining 43% originating from USA. The 57% of the Braille Battery suppliers located and operating in China are direct suppliers and deemed tier one suppliers. A portion of the 43% suppliers located and operating in USA include two and three tier suppliers and suppliers further down the supply chain than tier three.

To conclude, the mapping of activities and structure completed by Braille Energy Systems and Braille Battery subsequent to its year ended September 30 2023, demonstrated that Braille Energy Systems is in the capital market, as it is a public issuer trading on the TSX-V and holds a controlling interest in Braille Battery, a private entity. Both entities operate in Canada and USA, where their offices are located. Braille Energy Systems and Braille Battery procure inputs for their operations from China and Braille Battery also has suppliers located and operating out of the USA.

Braille Energy Systems and Braille Battery conducted a risk assessment to determine the threat of forced labour and child labour is used in their operations in Canada and the USA and determine if there is a risk that the suppliers Braille Energy Systems and Braille Battery procure their inputs from employ forced labour and child labour in their operations in USA and China. The possibility of the exposure to the employment of underage persons and persons working against their will, in the countries Braille Energy Systems and Braille Battery operates and their respective suppliers operate, is assessed using the common global indices from statistics conducted on countries by WalkFree Global Slavery Index (<https://www.walkfree.org/global-slavery-index>).

INTERNAL ASSESSMENT OF RISK FOR FORCED LABOUR & CHILD LABOUR IN BRAILLE ENERGY SYSTEMS AND BRAILLE BATTERY OPERATIONS

Following the mapping of Braille Energy Systems and Braille Battery's structure and operations, and supply chain, the entities conducted an internal assessment of the risk of forced labour and/or child labour in their respective operations in Canada and the USA, as well as its supply chains with operations in USA and China.

The risk assessment was linked to the global indices of these countries to ascertain the potential areas of operations and regions of the globe we may have exposure to the use of child labour and or forced labour. Based on the global indices for China, USA, and Canada, both entities are potentially exposed to elevated risk of child labour and forced labour in their respective supply chains. To mitigate this identified risk, Braille Energy Systems and Braille Battery have commenced developing an action plan that includes the

recent introduction of a check list and questionnaire to be sent to existing suppliers for completion as part of its due diligence process.

The Risk of Forced Labour and Child Labour in Braille Energy Systems Inc. and Braille Battery's Operations In Canada and USA Respectively

Braille Energy System and Braille Battery have operations in Canada and USA, respectively. Braille Energy System's operations in Canada involve the development and recent efforts to commercialize its home power back-up system and activities typical of a public tier 2 issuer trading on the TSX-V. As part of Braille Energy Systems' initial stages of commercialization, it secured 25 units of its home power back-up system which are undergoing field testing by select potential distributors and end users in Canada and the USA. Braille Battery's operations in USA are related to the assembling and selling, to an international market, of batteries used in the locomotive and sports industry.

The Risk of Forced Labour and Child Labour in Braille Energy Systems' Operations In Canada

Braille Energy Systems' operations are currently primarily in Canada and all its employees and consultants (1 employee and 2 consultants) provide their professional services to Braille Energy System in Canada. Modern slavery in Canada and the rest off the Americas is primarily driven by inequality, increasing poverty, discrimination against migrants and minority groups (WalkFree- Global Slavery Index- Canada).

According to the Walk Free Global Slavery Index Canada's prevalence of forced labour/modern slavery, as an estimated proportion of population living in modern slavery per thousand people is 1.8 per 1,000 people (for comparison Australia is 1.6 per 1,000 people). This contributes a vulnerability of 11 out of 100 on the Global Slavery Index (compared to 7 out of 100 for Australia). The Canadian government's response to modern slavery, presented as a percentage is 60% (compared to 67% for Australia). According to the recommendations to the Canadian government, based on its response data, current as at August 30, 2022, include Canada criminalising forced labour so it is aligned with international conventions and ensure support services are available for all victims of modern slavery, regardless of gender, age, nationality, or sexuality (Walk Free Global Slavery Index- Canada).

The Risk of Forced Labour and Child Labour in Braille Battery's Operations In USA

Braille Battery's operations are currently solely in USA and all its employees and consultants (8 employee and 2 consultants) provide their professional services to Braille Battery in USA. Modern slavery in USA and the rest off the Americas is primarily driven by inequality, increasing poverty, discrimination against migrants and minority groups (WalkFree- Global Slavery Index- USA), as discussed further in the following paragraphs.

INTERNAL ASSESSMENT OF RISKS OF FORCED LABOUR & CHILD LABOUR FOR BRAILLE ENERGY SYSTEMS AND BRAILLE BATTERY'S SUPPLY CHAINS

The following is an internal assessment of the risk that forced labour and child labour is used by Braille Energy System and/ or Braille Battery's suppliers in China and USA, where the entities procure input materials for their operations.

Risk of Forced Labour and Child Labour in Materials Procured From China

As summarised above, 100% of Braille Energy Systems' inputs for its Electrafy home back-up power system unit and 57% of Braille Battery's inputs for its battery assembly are sourced and imported from China. As with Asia and the Pacific region, modern slavery in China is driven by discrimination on the basis of gender, race, caste, and ethnicity, intensified prolonged conflict, COVID-19, and climate change. China is one of the most populated countries in the world, and it is located in the region with the highest number of people in modern slavery and an estimated 15 million people in forced labour. This includes state-imposed forced labour in China debt bondage among migrants exploited within the region (Walk Free Global Slavery Index- China).

According to the Walk Free Global Slavery Index China's prevalence of forced labour/modern slavery, as an estimated proportion of population living in modern slavery per thousand people is 4 per 1,000 people (for comparison Canada is 1.8 per 1,000 people). This contributes a vulnerability of 46 out of 100 on the Global Slavery Index (compared to 11 out of 100 for Canada). The Chinese government's response to modern slavery, presented as a percentage is 40% (compared to 60% for Canada) (Walk Free Global Slavery Index- China).

Risk of Forced Labour and Child Labour in Input Materials From USA

The remainder of Braille Battery's inputs for its battery assembly operations are sourced from the USA. In the US, modern slavery/ forced labour is driven by inequality, increasing poverty, discrimination against migrants and minority groups, political instability, and conflict. It is worsened by the economic and social impacts of the COVID-19 pandemic and responses to it, as well as the impacts of climate-related displacement. Mass migration, particularly in the 'world's largest migration corridor,' from Mexico to the US, fuels forced labour (Walk Free Global Slavery Index- United States).

According to the Walk Free Global Slavery Index United States' prevalence of forced labour/modern slavery, as an estimated proportion of population living in modern slavery per thousand people is 3.3 per 1,000 people (for comparison United Kingdom is 1.8 per 1,000 people). This contributes a vulnerability of 25 out of 100 on the Global Slavery Index (compared to 14 out of 100 for the United Kingdom). The US government's response to modern slavery, presented as a percentage is 67% (compared to 68% for United Kingdom) (Walk Free Global Slavery Index- USA).

Given the above risk assessment, against the global indices, we have identified where the risk for forced labour and child labour resides. As we procure goods for our operations in China and the USA, this presents a potential area of exposure for both Braille Energy Systems and Braille Battery as their supply chains predominately operate in China and USA. These are countries with high risks of the occurrence of forced labour and child labour in their respective work forces.

STEPS TAKEN BY BRAILLE ENERGY SYSTEMS AND BRAILLE BATTERY TO MITIGATE RISKS IDENTIFIED AND FIGHT AGAINST FORCED LABOUR AND CHILD LABOUR

The processes and procedures Braille Battery in place in 2023, to mitigate the risk of its operations in Canada and USA employing the services of forced labour and child labour, primarily evolve around determining the candidate's eligibility to work in the Canada and USA, confirming their professional accreditations and formal experience. As with Braille Energy Systems, Braille Battery's battery assembly operations requires tertiary educational background, professional work experience, and general technical

expertise which requires time, personal dedication, and commitment to acquire. This reduces the likelihood of candidates being forced into positions and/or are underage.

Steps Taken to Fight Against Forced Labour and Child Labour in Braille Energy Systems' Operations In Canada and Braille Battery Operations in USA

The processes and procedures Braille Energy Systems has in place to mitigate the risk of its operations in Canada employing the services of forced labour and child labour, includes the verification of the candidate's Social Insurance Number and/or passport and visa to verify the candidate's age and eligibility to work in Canada. Given the technical nature of the positions, additional verification of the candidate's educational background and professional work experience, provides further support the candidate is willingly seeking the position and less likely that they are a subject of forced labour.

The final stages of the hiring process requires the candidate complete provincial and federal government forms, including the TD1 Personal Tax Credit Return and TD1ON Ontario Personal Tax Credits Return. While these forms assist in defining the employee's federal and provisional tax deductions, they also assist to ensure the individual is not under the age required for legal employment.

In conclusion, Braille Energy Systems' employees and consultants are technical professionals with years of formal education, accreditation, and experience, and provide technical development support, accounting, financing, and corporate governance support. Given the experience, formal education, personal dedication necessary to meet the ongoing professional development required to provide this service to a public issuer, the risk that Braille Energy Systems' operations in Canada employ underage and persons working against their own free will is considerably low.

The processes and procedures Braille Battery has in place to mitigate the risk of its operations in USA employing the services of forced labour and child labour, are the same as this of Braille Energy Systems as addressed above, primarily determining the candidate's eligibility to work in the USA. As with, Braille Energy Systems, Braille Battery's battery assembly operations requires tertiary educational background, professional work experience, and general technical expertise which requires time, personal dedication, and commitment to acquire. This practice reduces the likelihood candidates are forced into the position and are potentially underage.

Steps Taken to Fight Against Forced Labour and Child Labour in The Supply Chain of Braille Energy Systems' Braille Battery Operations in China and USA

To mitigate this identified risk in Braille Energy Systems and Braille Battery's supply chain, the entities have commenced developing an action plan that includes the recent introduction of a check list and questionnaire to be sent to existing suppliers for completion. Given the WalkFree- Global Slavery Index for China and USA, both Braille Energy Systems and Braille Battery will prioritize submitting the due diligence questionnaires to existing suppliers operating in China followed by the existing suppliers operating in USA. This prioritization exercise in the entities' due diligence efforts is necessitated by the WalkFree- Global Slavery Index for China being higher than those for USA. In addition, the suppliers located and operating in China are tier one, direct suppliers. While the suppliers located in the USA are also tier 2, 3, and further down the supply chain.

This means direct suppliers operating in China are more likely to use under-age workers and workers employed against their will than those operating in the USA, thus presenting a higher risk for Braille Energy

Systems and Braille Battery's fight against child labour and forced labour in 2023. This is the first step of remediation action to ensure our current suppliers do not currently use child labour and forced labour.

The questionnaire will also become part of the entities' due diligence review when engaging and onboarding new suppliers to ensure they do not use employee child labour and/or forced labour and they are aligned with Braille Energy Systems and Braille Battery's zero tolerance policy. The next steps of the remediation process will involve ongoing monitoring and tracking of the suppliers, in the form of an annual audit, to ensure they continue to maintain a workforce that does not include child labour and forced labour and have policies and procedures in place for identifying and prohibiting the same.

GAPS IDENTIFIED IN BRAILLE ENERGY SYSTEMS AND BRAILLE BATTERY'S FIGHT AGAINST FORCED LABOUR AND CHILD LABOUR IN ITS OPERATIONS IN CANADA AND USA AND ACTION PLANNED TO REMEDIATE

The current procedures help identify the risk for forced labour and child labour in Braille Energy Systems operations in Canada, and Braille Battery in USA, but they are not designed specifically to fight against forced labour and child labour. To remediate and improve our procedures, to reflect our zero tolerance of forced labour and child labour, Braille Energy Systems and Braille Battery plan to introduce mandatory training to all its employees and consultants so they understand the importance of this Act as it pertains to Braille Energy Systems and Braille Battery, the Canadian and US economies, and the global economy.

The remediation action plan includes the introduction of formally gathering information on worker recruitment and maintaining internal controls to further ensure all workers of Braille Energy Systems and Braille Battery operations in Canada and USA respectively, are recruited voluntarily. This is in addition to the fact that Braille Energy Systems and Braille Battery's employees and consultants are generally technical professionals requiring years of experience to qualify for these technical support positions. This reduces the risk that the entities' operations in Canada and USA employ underage and persons working against their own free will.

Braille Energy Systems and Braille Battery are currently developing and implementing formal due diligences policies and formalising its processes for identifying, addressing, and prohibiting the use of forced labour and child labour in their respective operations and supply chains. The primary goal is to remediate and formalize our policies and procedures to reflect our zero tolerance of forced labour and child labour in our business activities, and prevent instances of this from occurring. The above will be coupled with ongoing training to employees and consultants so they understand the importance of this Act, along with the annual circulation of awareness materials to review our zero-tolerance position to Braille Energy Systems and Braille Battery's employees and consultants.

POLICIES AND DUE DILIGENCE

Braille Energy Systems and Braille Battery are formalizing their policies to mitigate the risk of forced labour and/or child labour in its operations and their respective supply chain. Braille Energy Systems and Braille Battery encourage and promote a culture of ethical business conduct in their operations. However, given the stages of development and limited number of employees of both entities, Braille Energy Systems and Braille Battery have not taken formal steps to encourage and promote a culture of ethical business conduct. Instances of misconduct would be reported to the Board of Directors, President, or CFO.

REPORTING REQUIREMENT

Reporting Categorizations That Apply to and Braille Energy Systems Inc. and Braille Battery Inc.

Braille Energy Systems is listed on the TSX-V, a stock exchange in Canada, with Canadian business presence as it has a place of business in Canada and it does business in Canada. This Act therefore applies to Braille Energy Systems regardless of size and is therefore required to report under the Act. Braille Battery is a majority owned subsidiary, operating in the USA. Neither Braille Energy Systems or Braille Battery meet size-related thresholds pertaining to assets, revenues, and number of employs on average for at least one or two of their most recent fiscal years as detailed in Table 2: Reporting Categorizations That Apply to Entities (Based on Consolidated Audited Financial Statements).

Table 2: Reporting Categorizations That Apply to Entities (Based on Consolidated Audited Financial Statements)

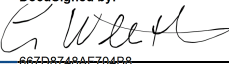
	Reporting Categorizations That Apply	Fiscal Year Ended Sept 30, 2023	Fiscal Year Ended Sept 30, 2022	Comments
Public Issuer	Listed on a Stock Exchange in Canada	YES	YES	Braille Energy Systems is listed on the TSX-V, a stock exchange in Canada. Braille Battery is a private company, wholly owned by Braille Battery Holdings, a holding company that is 89.95% owned by Braille Energy Systems
Canadian Business Presence	Has a place of business in Canada	YES	NO	Braille Energy Systems has a place of business in Canada and Braille Battery does not have a place of business in Canada. Braille Battery has a place of business in USA.
	Does business in Canada	YES	YES (Limited business)	Braille Energy Systems does business in Canada and Braille Battery predominately does business in USA.
	Has assets in Canada	YES	YES (Minimal assets)	Braille Energy Systems only has assets in Canada and Braille Battery has limited assets in Canada (bank account) does not have a place of business in Canada. Braille Battery has a place of business in USA.
Size Related Thresholds	Assets	\$3,283,925	\$5,128,592	Based on the audited consolidated financial statements for BES1 and Braille Battery, the entities do not meet the \$20M in asset size related threshold for fiscal years 2023 and 2022
	Revenue	\$3,759,702	\$4,099,855	Based on the audited consolidated financial statements for BES1 and Braille Battery, the entities do not meet the \$40M in annual revenue size related threshold for fiscal years 2023 and 2022
	# of Employs on Average	Less than 20	Less than 20	BES1 and Braille Battery do not meet the 250 minimum number of employees for fiscal years 2023 and 2022

Braille Energy Systems is a public issuer and is therefore required to comply with the Act, despite it not meeting the asset, revenue, and number of employee size thresholds. Braille Battery is required to report under the same given its relationship with Braille Energy Systems.

APPROVAL AND ATTESTATION

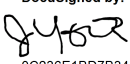
In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for Braille Energy Systems Inc. and Braille Battery Inc. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

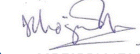
Dated: May 29, 2024

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Lindsay Weatherdon, President, CEO, Director

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Marc Roy, Director

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Jeff York, Director, Chairman of the Board

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Judith Mazvihwa-MacLean, CFO