

Report on Fighting Against Forced Labour and Child Labour in Supply Chains Act

Fiscal Year 2023 ending September 30, 2023

INTRODUCTION

This report (the "**Report**") relates to the fiscal year ended September 30, 2023 and outlines the actions taken by Legend Power Systems, Inc. ("**Legend**" or the "**Company**") to prevent and reduce the risks of modern slavery, including forced labour and child labour, in its operations and supply chains in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**").¹

STEPS TAKEN TO PREVENT AND REDUCE SUPPLY CHAIN RISKS

Legend does not tolerate any form of modern slavery, forced labour or child labour in its operations or supply chain. The Company recognizes its responsibility to protect these values and to ensure that it is preventing and addressing risks that may arise within its operations and supply chain. The Company expects its business partners and suppliers to uphold these same principles within their operations and adhere to applicable human rights and employment standards laws.

Legend welcomes constructive engagement with all stakeholders, including suppliers, governmental authorities and clients, to increase the effectiveness of its modern slavery risk mitigation practices. The Company will continue to adapt to maintain the highest standards of ethics and integrity in its business and relationships.

In the Company's 2023 financial year, Legend gained a better understanding of the requirements to investigate and address, as reasonable, risks associated with forced labour and child labour and how such risks may be present in its operations and supply chains.

STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Structure

The Company was incorporated under the laws of the Province of British Columbia and was established as a legal entity on June 4, 1987. The common shares in the capital of the Company are listed for trading on the Toronto Venture Exchange under the symbol "LPS.V".

The Company conducts its operations primarily through its head office located in Vancouver, British Columbia, Canada.

¹ The Company has prepared this Report based on information available to it at the time of preparation. This Report contains forward-looking statements relating to Legend's policies and practices with respect to forced labour and child labour risk management, including statements of current intention and expectation and statements of opinion. There can be no assurance that such statements will prove to be accurate, as the Company's actual results and future events could differ materially from those anticipated in this forward-looking information because of the factors discussed in the "Risks and Uncertainties" section in Legend's Management's Discussion and Analysis, which is available at www.legendpower.com or on SEDAR+ at www.sedarplus.ca. Except as required by applicable laws or regulations, the Company does not undertake to publicly update or review any forward-looking statements.

Activities

Legend is a global leader in onsite energy management technology. The Company markets a patented device (the “SmartGATE™”) which is an Active Power Management system which corrects incoming electricity power quality in real time on a cycle-by-cycle basis. The Company also markets a power quality monitoring device called SmartGATE Insights™ which is used to measure power quality conditions. These proprietary and patented technology platforms are used in the SmartGATE Insights Power Impact Assessment Service which assesses incoming power issues and translates this data into business impact.

Power quality challenges are common to utilities around the world and are getting worse with increased renewable energy sources like wind and solar. Most buildings (80-90%) on a power grid receive inconsistent electrical voltage from their power utilities. This variability is further exacerbated by the inconsistent production and availability of renewable energy sources added to the supply. Voltage higher or lower than a building’s equipment specifications negatively impact the lifespan or availability of electrical equipment, creates unnecessary power consumption, increases the potential for ‘brownouts’, and can cause full or partial equipment failures.

This results in higher monthly utility bills, higher electricity consumption, increased electrical demand, and associated Greenhouse Gas (“GHG”) emissions. Additionally, these issues cause loss of function for critical building systems like HVAC, Elevation, Lighting, Life and Safety Systems, controllers, sensors, motors, pumps and drives critical to building operations. All these issues represent increased expenses, lower profits, lower valuations and decreased tenant satisfaction.

SmartGATE’s modular and extensible design, particularly its software-driven controller, and multiple component topology, enables it to address power quality issues today, while being flexible to address growing issues projected for the future. By ensuring a consistent and optimized voltage level on each individual phase of service and managing or mitigating poor quality (including over/under voltage, voltage sags and swells, phase unbalance, and power factor) across all loads, SmartGATE ensures customers receive consistent power availability, reduce their electrical and maintenance costs, while maintaining and enhancing asset values and brand integrity. SmartGATE’s intelligent controller captures constant, real-time data flow on up to 200 parameters aggregated every minute and made available to building management via the cloud. During initial assessments for prospective customers utilizing the SmartGATE Insights™ meter, this same data can be combined into a Power Impact Report to inform and prioritize implementation decision-making.

Legend’s current core markets include multi-residential, commercial, government and educational facilities in Canada and the US.

Supply Chains

Legend does business with a wide range of suppliers, sourcing materials and services locally and globally and strives to build relationships with suppliers who align with the Company’s values. Legend strives to work with suppliers who operate legally, ethically and responsibly that are aligned with the Company’s safety and operational integrity requirements.

The table below outlines the geographical location of the Company's primary suppliers and the percentage of annual purchases the Company made from the listed countries:

Country	Annual Purchases (%)	Type of Purchases
Canada	56%	PCBA, metal fabrications, hardware, wiring, cabling, consumables, office supplies
United States	30%	Transformers, electrical components
Europe	10%	Electronic sub-assemblies
China	2%	Semi-conductors, electrical components
Other	2%	Metal fabrications

POLICIES AND DUE DILIGENCE

There are several policies, processes, and practices that the Company uses to minimize the risk of forced labour or child labour practices in the Company's supply chains.

Policies

The Company is committed to conducting its business and affairs with honesty, integrity and in accordance with high ethical and legal standards. Legend's Code of Conduct provides a set of ethical standards by which each director, officer, employee, consultant and contractor of the Company is required to conduct his or her business with an expectation that all individuals, business acquaintances, business, and property be treated with respect. Everyone is expected to know, understand, and adhere to Company practices to protect the best interests of the Company and individuals within and outside. We expect respect for the rights and feelings of others and a demonstration of personal integrity and professionalism.

LEGEND also intends on adding to and revising its internal policies to address the risk of forced labour and child labour. This is expected to include:

- Implementation of a supplier code of conduct
- Training focused on Legend's employees who are engaged with overseas suppliers, and
- An annual review of the supplier's policies and procedures as they relate to risks of forced labour and/or child labour

Due Diligence

Internally, the Company has reviewed its hiring and manufacturing practices and determined there is no internal risk of forced labour or child labour. Externally, the Company has identified overseas suppliers as having a heightened risk of the potential for the use of forced labour and child labour.

Legend maintains a master list of suppliers used in its procurement process and manufacturing activities. Legend will cross-reference its list of suppliers with the List of Goods Produced by Child Labor or Forced

Labor released by the U.S. Department of Labor to identify which countries, products and therefore suppliers may exhibit an elevated risk of forced labour or child labour.

Currently, Legend does not evaluate all policies and procedures of each of its suppliers. The Company intends to implement a supplier onboarding process, as well as an annual review of existing suppliers, within the next twelve to eighteen months which will include a standardized review of each supplier's policies and procedures as it relates to performance and risk, including forced labour and/or child labour. Such processes will be completed before determining if the Company is willing to work with a particular supplier.

SUPPLY CHAIN RISKS

Due to the nature and location of its operations, Legend considers the risks of forced labour or child labour practices in its supply chains to be low. Similarly, the Company's risk of involvement in modern slavery practices by its suppliers is considered low. Nonetheless, Legend remains committed to taking steps to identify and address potential incidents of forced labour or child labour in its supply chains.

The majority of the Company's suppliers are in countries with high standards of protection for employees and the rights of individuals and do not pose a high degree of risk of forced labour or child labour practices. Legend's primary suppliers are in Canada, the United States and Mexico.

REMEDIATION MEASURES

Legend is evaluating industry best practices and internal processes and will diligently take all appropriate remediation measures, as required. To date, there have been no identified or reported instances of forced labour or child labour in Legend's activities and supply chain, therefore, Legend has not had to take any remediation measures.

LOSS OF INCOME

Legend recognizes that efforts to prevent and reduce the risks of forced labour and child labour can have the unintended consequence of contributing to a loss of income for the most vulnerable families. Legend is not aware of any instance to date where its efforts to mitigate the risk of forced labour or child labour in its activities and supply chains may have contributed to a loss of income for vulnerable families.

TRAINING

When onboarding new employees, Legend provides training regarding its safety commitments and *Code of Conduct*. Legend is also committed to improving the capacity of its employees to understand, identify and manage the risks of modern slavery in our operations and across its supply chain.

Legend also intends to implement training for existing employees who are engaged with overseas suppliers.

EFFECTIVENESS ASSESSMENT

The due diligence processes described above provide a method of managing the risks; however, the Company will continue to look at ways to enhance its capability to identify any risks indicators within its supply chain and its capability to investigate and address any concerns.

Legend will continue to review its approach and continuously improve its processes to respond to the risks of forced labour or child labour in its supply chain. The Company has not received any complaints of any modern slavery issues or notifications from its suppliers of identification of modern slavery practices.

APPROVAL AND ATTESTATION

This Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors on May 30, 2024.

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 listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

By: *"/s/ Randy Buchamer"*

Randy Buchamer

CEO

May 30, 2024

I have the authority to bind the Company.