

**2024 Modern Slavery Report
by Paradox Security Systems Ltd.**

1. Introduction

This Report is produced by Paradox Security Systems Ltd. – BN 10531 2516 RC0002 (“**Paradox**”, the “**Corporation**” or “**we**”) for the financial year ending December 31, 2023 (the “**Reporting Period**”) and sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere or of goods imported into Canada by the Corporation.

This Report constituted the first report prepared by the Corporation pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”).

2. Our structure, operations and supply chain

Established in the province of Quebec, Canada, Paradox innovates and manufactures alarm systems and ships its good all over the globe. We design the plastics, hardware and firmware within our privately-owned establishments. We deal with suppliers mostly in the United States of America as well as Asia to source our raw materials. Upon review, we can confirm that many of our business relationships with our suppliers date back to over twenty-five (25) years. We sell our products to distributors, who in turn sell them to installers, who in turn perform the installation. We serve the professional alarm system installation market.

3. Steps to prevent and reduce risks of forced labour and child labour

We consider the respect of human rights to be a fundamental corporate responsibility.

With regards to full-time positions, Paradox only employs adults in Canada. We offer employment conditions which exceed the regulations of the *Act Respecting Labour Standards* (the “**ARLS**”), which determines minimal employment standards for all employees. We also have several audits per year from the CNESST that address a multitude of factors, such as safety and harassment. While we can occasionally employ summer students, they must be 16 years of age or older and are retained on a voluntary basis, in accordance with the ARLS.

Regarding foreign suppliers, we make sure to select companies that have an international reputation, are listed on a certified stock exchange, which requires them to comply with similar legislative requirements as the one we are now subject to under the Act. To this end, these company must comply with ESG scores to ensure the adoption of best practices and reporting of non-financial data. We scrutinize new suppliers by gathering information about their business and employment practices.

Paradox gathers information on worker recruitment and maintains internal controls to ensure that all workers are recruited voluntarily. The Company equally monitors suppliers.

4. Policies, Governance and Due Diligence processes

a. Human Rights Statement

We, at Paradox, stand firmly against the use of child or forced labour. To this end, we expect our company, as well as our commercial partners, to share this position, both publicly and privately.

b. Code of Ethics

Our Code of Ethics, which is shared with all employees of the Company, emphasizes our values of honesty, integrity and loyalty. These standards are imposed upon each and every employee.

c. Reporting and Non-Retaliation Policy

We require any employee who has concerns about child labour or forced labour to voice their suspicions to management, human resources or any legal representative of the Company.

5. Assessing and managing our risk

We have started the process of identifying risks, but we acknowledge that, as of this first Report, there are still gaps in our assessments. We continue to monitor and assess adverse impacts in our operations, supply chains and business relationships. While we believe our risks are minimal, such risks can be present in the following areas:

- The raw materials or commodities used in its supply chains;
- Tier two suppliers;
- Tier three suppliers; and
- The use of outsourced, contracted or subcontracted labour.

Further, sourcing raw materials/electronic components from Asia carries a risk of entities overseas using child or forced labour into their operation cycles and in return, in Paradox importing such goods into Canada. As described hereinabove, to counter these risks, we are very selective of our suppliers, and only work with suppliers who are subject to similar standards as Paradox when it comes to dealing against child labour or forced labour.

Regarding the outsourcing of our production to Asia, we visited the plant on several occasions in order to validate the quality of the working conditions and ensure that there was no use of child or forced labour.

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6. Remediation Measures

We offer a reporting mechanism for our employees and suppliers should there be any ethical or legal concerns or violations. Employees and suppliers are invited at all times to voice such concerns in accordance with Company guidelines.

7. Training

Paradox's employees receive regular tailored training on ethical topics and our policies. In addition, new hires are provided with all relevant documentation containing guidelines on such matters.

8. Assessing effectiveness

The Company has a number of measures in place to prevent to use of forced labour or child labour.

To this end, as extensively detailed above, we have performed several visits over the scope of twenty-five (25) years with our current sub-contracting manufacturing partner in Asia to ensure that there is no use whatsoever of any forced labour or child labour, whether directly or indirectly. Regarding the sourcing of raw materials from Asia, we limit our dealings with international companies subject to similar standards as Paradox.

9. Approval and Attestation

This Report has been approved by Ali Kobeissi, CFO and Site Manager. I attest that I have reviewed the information contained in this Report. 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 Period listed above.