



SUPPLY CHAIN TRANSPARENCY REPORT

Fighting Against Forced Labour and Child Labour in Supply Chains

Year 1 | January 1, 2023 – December 31, 2023

Accountable Signing Authority: Aidan Chuang, Managing Director

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Company Overview

In accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023, c 9 (the “**Supply Chain Transparency Act**”), this statement outlines the measures implemented or to be implemented by Lorex Technology Inc. (“**Lorex**”) to address the risks of modern slavery, including but not limited to forced and child labour¹ within its operations and supply chain. This report is not a joint report as there is no entity which Lorex controls that is covered by the *Supply Chain Transparency Act*.

Lorex’s affiliates are subject to reporting obligations in the United Kingdom, namely, the *Modern Slavery Act 2015*, and California, through the *Transparency in Supply Chains Act*. As such, Lorex and its affiliates operate in Canada, the United States, the United Kingdom, and Australia under consignment contracts. Lorex has no control over these entities and itself only operates in Canada.

Lorex actively upholds human rights and work to prevent any violation of others’ human rights through the policies and procedures it has established, including Lorex’s Supplier Code of Conduct (the “**Supplier Code**”), which sets forth Lorex’s expectations that its suppliers will abide by the legal and ethical standards outlined in the Supplier Code. Lorex is committed to establishing safe, inclusive, and respectful work environments wherever it conducts business. Lorex values the fundamental rights of its employees and all who work within its supply chain, which encompass freedom from slavery and child labour, equal opportunities for all, a safe and healthy workplace, and freedom from discrimination and harassment.

Lorex continues to develop and expand its understanding of the risks associated with the complex issue of modern slavery and to identify areas within its operations and broader supply chain that may be impacted by such challenges. Lorex intends to collaborate across its business and supply chain to implement appropriate practices that mitigate and address potential risks.

Modern slavery is completely unacceptable within Lorex’s organization and supply chains. Lorex acknowledges its responsibility to uphold the rights of individuals working in its organization, as well as those associated with suppliers and business partners who prioritize human rights for their own employees. Recognizing that human rights issues require multifaceted approaches, Lorex considers it crucial to engage with various stakeholders to promote awareness and foster understanding.

Part I – Structure, Operations and Supply Chains

Our Structure

Lorex is a Canadian-based company specializing in security camera systems and related surveillance technology. Its head office is located in Markham, Ontario. Founded in 1991, Lorex has grown to become a prominent player in the home and business security industry, offering a wide range of products including security cameras, video doorbells, DVRs, NVRs, and other accessories.

¹ As these terms are defined pursuant to section 2 of the *Supply Chain Transparency Act*.

Lorex currently has 96 Canadian staff and 6 US staff. Further, Lorex has global assets of over \$20 million and has generated at least \$40 million in revenue.

Legally, Lorex is classified as a corporation. It is registered under the British Columbia *Business Corporations Act*, with the incorporation number BC1156336.

Our Operations

Lorex supplies customers in the retail industry and through its e-commerce platform, participates in the manufacturing specifications and procurement of surveillance technology. Specifically, Lorex distributes imported cameras, surveillance technology and other technological devices, as well as the various accessories to those goods (i.e., cables).

Lorex is part of an affiliated group of companies, which includes Lorex Corporation and Lorex Technology UK Limited, all wholly owned by Lorex Holdings. As stated, Lorex does not have control over these affiliates, nor does it have any subsidiaries.

Our Supply Chains

Lorex sources its products from China, specifically from Yantian, Shanghai, and Ningbo. It also sources products from Vietnam and Taiwan. Lorex's suppliers mainly manufacture technologies related to security, surveillance, and video recording, and other technological devices.

Part II – Policies and Due Diligence Processes

Lorex has in place a robust set of rules and procedures addressing its obligations to treat its team members, clients and suppliers with the highest possible level of dignity and respect, as well as its expectations that its contractors, vendors, and suppliers do the same. These documents include its Supplier Code, its internal Code of Conduct and Business Ethics (“**Internal Code of Conduct**”), and its Statement Against Modern Slavery, which is available publicly on Lorex's [website](#).

Lorex's policies and practices are guided by international and industry-leading standards, such as:

- The United Nations' International Bill of Human Rights
- The United Kingdom's *Modern Slavery Act*
- California's *Transparency in Supply Chains Act*
- The Organisation for Economic Co-Operation and Development Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas
- Any domestic or local laws in the jurisdictions Lorex, its affiliates, or its suppliers operate in, including but not limited to workplace safety laws, human rights laws and labour/employment standards laws

For all suppliers that Lorex contracts with, Lorex requires them to comply with its Supplier Code, ensuring fair and ethical workplace standards across our supply chain, and including clauses prohibiting the use of forced labour and requiring compliance with forced labour and modern slavery laws. Lorex supports the goals of the *Supply Chain Transparency Act* and takes seriously its responsibility to act with due diligence to avoid infringing on the human rights of others and address any impact on human rights if they occur.

Internal Code of Conduct

Lorex's Internal Code of Conduct sets out its values and responsibilities on respectful, safe and healthy workplaces, a culture of inclusion and diversity, customers, safety, and the environment. All employees are required to comply with the Internal Code of Conduct, or else employees may face discipline up to and including termination.

The Internal Code of Conduct is managed by the Human Resources Department and is continuously reviewed and updated as necessary.

Supplier Code of Conduct and Contractual Obligations

Lorex has followed best practices by including clauses in its supplier agreements that both prohibit the use of forced or child labour and impose penalties for same.

The Supplier Code requires that all suppliers disclose to Lorex any subcontractors and agents used in the production, processing, or provision of merchandise supplied to Lorex. It requires that suppliers ensure such entities are also in compliance with the terms of the Supplier Code. The Supplier Code is circulated to all of Lorex's suppliers.

The Supplier Code sets minimum expectations and guidelines for all suppliers to abide by international and domestic laws. These include but are not limited to laws relating to:

- Forced labour and child labour;
- Human Rights
- Workplace health and safety;
- Environmental safety, criminal acts;
- Intellectual property and privacy;
- Responsible sourcing of minerals; and
- Trading in securities.

The Supplier Code explicitly requires that all employees, labourers, workers, and staff members employed or contracted by the suppliers be treated with dignity and respect and not be subject to any exploitation, forms of threat, or other illegal practices. Further, child labour is strictly prohibited and any employed person under eighteen (18) years of age must not perform work that may jeopardize their health, safety or morals. All suppliers are required to follow all applicable local laws related to employment standards and occupational safety.

Lorex's Supplier Code emphasizes that human rights must be upheld and that any suspicion of abuses will result in action by Lorex, up to and including termination of the contractual relationship.

The Supplier Code also outlines mandatory minimum standards for employment, including that there be a written contract of employment, that all employees' legal status be verified, that all staff are paid at least minimum wage for all hours worked, and that hours worked do not exceed legal limits, or sixty (60) hours a week, whichever is lower. The Supplier Code further affirms employees' freedom of association and employees' ability to report to management without fear

of retaliation. Moreover, the Supplier Code requires that all suppliers must abide by immigration laws if they use foreign or migrant workers.

In addition to the above, the Supplier Code addresses specific instances of workplace danger. This includes situations relating to fire safety and emergency evacuation, exposure to chemicals and hazardous materials, electrical safety, first aid and emergency care, ventilation and lighting, physically imposing work, protective equipment, sanitation, and occupational injury and illness. Importantly, Lorex requires all its suppliers to provide easily accessible safe drinking water to all staff at all times.

As mentioned, the Supplier Code goes beyond labour issues, addressing potential problems in suppliers' trade and export controls, environmental safety, inappropriate gifts and favours, intellectual property and privacy invasions, and securities fraud. The intention behind these provisions is to cast as broad of a net as possible to address any illegal or harmful activities by Lorex's suppliers. In particular, Lorex recognizes that environmental safety can be critical to the health and wellness of Lorex and its suppliers' employees and staff members, especially with respect to manufacturing and processing raw goods.

Auditing and Enforcement

The Supplier Code grants Lorex the right to audit its suppliers, or to authorize a third party to audit its suppliers. Lorex's usual practice when necessary is to have an independent third party audit suppliers. Under the Supplier Code, Lorex can audit any of the suppliers' practices and facilities to confirm compliance. Lorex may consider expanding its audit procedures to include unannounced audits as well as audits of any of its suppliers that provide main components.

Lorex's contracts with suppliers grant Lorex the right to audit suppliers in accordance with the Supplier Code and the other audit rights contained in the parties' agreement. The contract also requires suppliers to do their own due diligence and monitor the suppliers, subcontractors, and business partners they have relationships with. The contract explicitly prohibits the use of forced labour.

Lorex keeps records of all supplier contracts for risk mitigation and will act under the enforcement of provisions, including Lorex's audit rights, termination rights based on critical violations of the Supplier Code, and reporting rights, where necessary. "Critical violations" are defined in the Supplier Code to conclude the following:

- Illegal child labour;
- Forced, bonded, indentured, slave and illegal prison or convict labour;
- Physical or sexual abuse;
- Bribery or attempted bribery;
- Health and safety conditions posing immediate risk to life or limb;
- Corruption, deception, or falsification of records; and
- Failure to follow laws addressing employment minimums.

Should there be a Critical Violation by any of Lorex's suppliers, the Supplier Code demands that such action cease immediately and within 48 hours of such notification. If Lorex is informed of

any violation of the Supplier Code, it will request that the supplier present a detailed corrective action plan that includes a timeframe for correcting any concern raised by the audit. Lorex can then review and approve the plan and re-audit, if necessary.

All suppliers, consultants, and contractors are aware of the Supplier Code of Conduct and Lorex's expectations that they remain compliant with the same. Lorex will be following up with these third parties to ensure that they sign and acknowledge their understanding and acceptance of the terms of the Supplier Code of Conduct.

The Supplier Code is managed by Lorex's Operations Department and is reviewed and updated as necessary. Any questions suppliers have about the Supplier Code are directed to the Head of Operations.

Reporting Process

As stated in the Supplier Code, should Lorex determine a supplier is non-compliant with the *Supply Chain Transparency Act*, or uses, directly or indirectly, forced labour or child labour, it will notify the supplier and cease the working relationship until corrective action is put into place.

Lorex is committed to healthy, safe, and respectful working conditions throughout its supply chain. Forced labour and child labour are anathema to Lorex's core values, which is why it has strong due diligence practices in place.

Our Due Diligence Processes

Lorex recognizes that due diligence is a process to identify and respond to the real and potential adverse impacts of activities throughout the supply chain.

Lorex has implemented a number of due diligence measures to ensure layers of review. As described above, Lorex sends all its suppliers the Internal Code of Conduct. All suppliers must review the Supplier Code and agree to it. As described above, Lorex requires suppliers to abide by its Supplier Code, conduct due diligence relevant to forced labour and child labour, and specify that breaches of the same will be grounds to terminate the contract, with damages to Lorex.

Part III – Risks of Forced Labour and Child Labour in Operations and Supply Chains

Lorex's potential exposures to indirect association of modern slavery practices come through its supply chain as it relies on contracting and subcontracting services. Lorex recognizes that its source locations may be vulnerable to forced labour or child labour due to the laws of the jurisdictions its suppliers operate in. However, Lorex has been diligent of any warning signs of forced labour or child labour by conducting independent, third party audits of its suppliers' activities.

Through the Code of Conduct, Lorex expects all suppliers, regardless of the cultural, social and economic context, to meet expectations of fundamental rights for all people. This means treating their employees with fairness, respect and dignity, and following practices that protect health and safety for the people working for them. These expectations are again reinforced through Lorex's regular audits of its suppliers.

While a more fulsome assessment is required, Lorex believes there is minimal risk of forced labour or child labour in our supply chain. Lorex is not aware of any forced labour or child labour in its supply chain. Both statements are subject to the limitations of Lorex's risk identification activities as described in more detail above and below.

Part IV – Measures to Remedy Forced Labour and Child Labour

Lorex is not aware of any incidents of forced labour or child labour in its activities or supply chain in the past financial year, subject to the limitations of its risk identification activities as described in more detail above and below. Accordingly, Lorex has not had to take any remedial measures in response to incidents of forced labour or child labour.

Part V – Measures to Remediate the Loss of Income to those Impacted by the Elimination of Forced Labour and Child Labour

Lorex recognizes that efforts to prevent and reduce the risk of forced and child labour (as set out at Part IV) can have the unintended consequence of contributing to a loss of income for vulnerable families.

Lorex has not as of the date of this report become aware of any loss of income to vulnerable families resulting from its measures to eliminate the use of forced labour and child labour in its activities and supply chains. Should such a risk materialize, Lorex remains committed to preventing and reducing the impact that forced and child labour can have on a vulnerable family.

Part VI – Training Provided to Employees

Lorex does not currently have training for employees on the risks of forced and child labour. However, it is committed to providing training to employees on the risks and warning signs regarding the same.

Part VII – Assessing Effectiveness of Actions against Forced Labour and Child Labour

Lorex has taken actions to assess its effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains in the previous financial year by requiring its suppliers to abide by its Supplier Code. If necessary, Lorex also retains the ability to conduct audits of its suppliers' manufacturing facilities to ensure that neither forced labour nor child labour is being used.

Lorex will review its reporting document and update as necessary to ensure that it reflects the emerging consensus on best practices to address these complex issues. Lorex will also consistently review its Internal Code of Conduct and auditing process to ensure continued compliance and implement any improvements required to ensure it is accurately obtaining and retaining information from its external and indirect suppliers.

* * *

Attestation

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and in particular section 11 thereof, I attest that I have reviewed the information contained in the 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.

By signing the below, I hereby confirm I have the authority to bind Lorex Technology Inc.



Aidan Chuang
Managing Director

May 29th, 2024

Date