



Fighting Against Forced Labour and Child Labour in Supply Chains Act

Joint Annual Report | May 31, 2024 | SC 2023, c 9

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1. Background on Marcon Group of Companies

Marcon Group of Companies (“Marcon”) is a family-owned construction and development business based in two (2) locations in Metro Vancouver, British Columbia. Over the past 40 years, Marcon has built long-lasting homes, neighborhoods, and communities across the lower mainland in municipalities such as Vancouver, Burnaby, Coquitlam, Surrey, and Langley. Marcon focuses on developing and constructing residential condos, townhomes, rental apartments, commercial space, seniors living and hotel properties.

(a) Structure

Marcon is a family-owned construction and development business. The legal and organizational structure of the business is strategically formed to be aligned with family planning, risk mitigation, tax methodology and long-term wealth management. The company’s mandate is to build homes, neighborhoods and communities that are family and lifestyle focused with the utmost quality in mind.

The business is owned by the founder and President through a series of corporations. Trusts are formed for family legacy planning. Development and construction projects are formed through partnerships which include both internal and external partners. Title to land for the projects are held through bare trusts.

Marcon is locally operated through two corporate offices located in downtown Vancouver and Langley. The business can be separated into two main divisions – construction and development. The construction division’s primary operational activity is the building of various real estate development projects. The clientele of this division is both external developers and Marcon’s own internal development projects. The development division’s primary operational activity is the acquisition of real estate properties for future development in alignment with the company’s vision and the municipality’s overall city plan. The corporate offices have several departments to support operations such as investment and acquisitions, development, construction, sales and marketing, interior design, finance and accounting, human resources and payroll, and information technology. The owner and President oversees operations of the entire company with a focus on the construction division. The owner’s son oversees the operations of the development division. Authority and responsibilities funnel down from ownership through an executive group to vice presidents to directors to direct reports.

The employees of Marcon are local individuals residing in various cities surrounding the lower mainland of British Columbia. There are approximately 300 employees that are employed at corporate office or construction labour force.

The company ownership is structured through corporations with the owner and President as the key stakeholder. Each development and construction project is formed through partnerships which include both internal and external partners. Ownership has a key stakeholder position in each of the project partnerships. All development and construction projects are located in the lower mainland of British Columbia across various city municipalities.

(b)Activities

The construction division of Marcon mainly engages with third party developers. Marcon provides construction services to plan and build the projects that the developers have envisioned. The division also engages in its own internal Marcon development projects and offers the same construction services. The activities of the construction division include budget and forecasting of costs, accounting of project financial information, project management, and professional subcontracting. The portfolio of clients and projects are locally based in the lower mainland of British Columbia.

The development division of Marcon engages in the investment and acquisition opportunities throughout the lower mainland of British Columbia. The activities include real estate acquisition, project development, interior design, sales and marketing, accounting of project financial information, and project management. Each of the development projects are built by the Marcon construction division. Upon completion of the various projects, it may involve the sales and marketing of units to prospective purchasers, leasing of rental units, and property management of project sites.

(c)Supply Chains

The work force of Marcon include corporate office employees and project labour force. Corporate office employees work at either corporate office locations and/or on project sites. Project labour force employees mainly travel to project sites, but on occasion operate at either corporate office locations. All employees are locally employed and recruited internally by the people and culture department (human resources). The department utilizes internal recruiters and on some occasions partners with local recruitment agencies depending on the role and position. Candidates are screened through several layers of interviews and reference verification. Employees work at either corporate offices and/or directly on project sites throughout the lower mainland of British Columbia. As construction of projects ramp-up, the majority of the project labour force is subcontracted and operate on site. The subcontracted labour force is mainly done through preferred subcontractors, many with long-term rapport.

Construction equipment, materials and supplies can include heavy machinery (cranes, excavators), construction raw materials (concrete, wood, metals) and supplies (furniture and fixtures). These are provided through preferred subcontractors located throughout Canada, US, and Europe. Subcontracting is mainly with suppliers in Canada, but depending on the scope of



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work and project design, certain suppliers will be US or European based due to specialty of products and services.

2. Our Policies and Due Diligence Processes

Marcon ensures it adheres to any and all labour requirements and mandates in the locations it operates in. For internally employed individuals, the company verifies all recruited and employed individuals are of legal age for employment and are eligible to work in the locations through various forms of reasonable identification verification. For subcontracted labour, Marcon engages with preferred and trusted partners with well established rapport. Marcon does not currently have any policies or due diligence processes in place to identify or prevent forced labour and child labour in these subcontracted business relationships.

Marcon's main supply chain is in the construction process. This can include equipment, materials and supplies involved in the life cycle of the project's construction phases. Other materials and supplies of lower volume include furniture and fixtures purchased for the corporate offices. Marcon mainly engages with preferred and trusted partners with well-established rapport, but on occasions will engage with new suppliers in the industry depending on supply and specialty. The suppliers are mainly Canadian based companies, but some suppliers may be US based depending on the product and services needed. While Marcon strives to only work with the best suppliers available and we require them to act lawfully, we do not currently have any policies or due diligence processes in place to specifically prevent forced labour and child labour in these subcontracted business relationships.

3. Assessed Risk in our Business and Supply Chains

In relation to the work force that is internally employed, Marcon assesses that there is low to no risk of potential forced labour or child labour. Marcon mitigates its risk by ensuring it adheres to any and all labour requirements and mandates in the locations it operates in. The people and culture department is up-to-date with current requirements and provides consistent and adequate training to its employees. Candidates are screened through various levels of interviews, reference verification and background checks..

In relation to the work force that is subcontracted, Marcon assesses that there is low inherent risk of potential forced labour or child labour. Marcon reasonably attempts to mitigate its risk by engaging with a small select group of suppliers with previous long-term and trusted relationships. Marcon does not currently have any policies or due diligence processes in place to identify or prevent forced labour and child labour in these subcontracted business relationships or the indirect relationships of the subcontractors that may exist; however, these suppliers are Canadian based companies with strong industry rapport operating in low-risk regions with strong oversight and regulations.

In relation to the supply chain that is subcontracted, Marcon assesses that there is low inherent risk of potential forced labour or child labour. Marcon reasonably attempts to mitigate its risk by engaging with a select group of suppliers with previous long-term and trusted relationships. In circumstances that Marcon engages with new suppliers, it will engage with Canadian or US based companies with strong industry rapport. Marcon does not currently have any policies or due diligence processes in place to identify or prevent forced labour and child labour in these direct subcontracted business relationships or the indirect relationships of the subcontractors that may exist; however, these suppliers are Canadian and US based companies with strong industry rapport operating in low-risk regions with strong oversight and regulations.

4. Measures Taken by Marcon Group of Companies

(a) Measures Taken to Remediate Forced Labour or Child Labour

Marcon currently has indirect measures to remediate forced labour and child labour. As previously noted, Marcon mitigates its risk in the labour force by adhering to labour regulations and mandates and engages with a select small group of trusted subcontractors. Marcon mitigates its risk in the supply chain by engaging with select trusts subcontractors and/or industry business with established rapport.

To further remediate forced labour or child labour in its labour force, Marcon plans to seek legal advice on revising and improving its existing labour agreements. This may include third party attestation from its candidates and subcontractors that:

- Candidate is not being forced into labour and is of legal age of employment
- Subcontractor adheres to all applicable labour regulations
- Subcontractor has assessed its risk of forced labour and child labour and have measures or plan to have measures in place to identify and mitigate forced labour and child labour in its operations and its direct and indirect supply chain(s)
- Subcontractor is not involved in or aware of any forced labour and child labour in its operations
- Subcontractor is not involved with or aware of being involved with regions/nations of high-risk of forced labour and child labour or have inadequate oversight and regulations in place

To further remediate forced labour or child labour in its supply chain, Marcon plans to seek legal advice on revising and improving its existing supplier agreements. This may include third party attestation from its subcontractors that:

- Subcontractor adheres to all applicable labour regulations
- Subcontractor has assessed its risk of forced labour and child labour and have measures or plan to have measures in place to identify and mitigate forced labour and child labour in its operations and its direct and indirect supply chain(s)
- Subcontractor is not involved in or aware of any forced labour and child labour in its operations
- Subcontractor is not involved with or aware of being involved with regions/nations of high-risk of forced labour and child labour or have inadequate oversight and regulations in place
- Subcontractor does not source its raw materials, directly or indirectly, from regions/nations of high-risk of forced labour and child labour or have inadequate oversight and regulations in place

- Subcontractor does not import or export goods, directly or indirectly, to or from regions/nations of high-risk of forced labour and child labour or have inadequate oversight and regulations in place

(b) Measures Taken to Remediate Loss of Income from Measures Taken to Eliminate Forced Labour or Child Labour

Marcon does not currently have any measures to remediate loss of income from measures taken to eliminate forced labour and child labour. In the event that loss of income occurs from measures taken to eliminate forced labour and child labour, Marcon may review and assess its impact and may plan a reasonable course of action on a case-by-case basis.

5. Employee Training

Marcon does not currently have any employee training in place to recognize and address forced labour and child labour.

To help train employees in recognizing and addressing forced labour and child labour, Marcon may plan to implement the following:

- Company-wide mandatory introductory training program. The introductory training program may include definitions of forced labour and child labour, methods to identifying forced labour and child labour, various whistleblower options, and internal processes and procedures aimed to mitigating forced labour and child labour internally and externally. This may require employee sign-off to indicate adherence and completion.
- Company-wide mandatory follow-up training programs. These recurring training programs will include revisions and updates which can be offered at recurring cycles (annually, semi-annually). This may require employee sign-off to indicate adherence and completion.
- Company-wide optional surveys and/or anonymous whistleblower options to allow individuals to provide feedback, suggestions, and direct experiences within the organization
- New hires can be required to participate and sign-off on the training program during onboarding. This may require employee sign-off to indicate adherence and completion.

6. Assessment of Effectiveness

Marcon does not currently have any policies, processes or other actions implemented to measure and track its success in preventing and reducing risks of forced labour and child labour in its activities and supply chains.

Marcon has not taken any action to assess its effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains.

To help assess its effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains, Marcon may plan to implement the following:

- Recurring executive meetings to have oversight on company's efforts in mitigating forced labour and child labour including implementing a roadmap, assessing progress, reviewing audits and compliance, continuously identifying gaps, and revising the roadmap to address changes
- Establishing a task force of key individuals to be accountable for performing recurring internal audits for compliance to processes and policies
- Implementation of employee training program
- Auditing of employee adherence to company-wide mandatory training programs
- Reviewing and revising existing employee and supplier agreements
- Auditing of employment agreements on a recurring basis to ensure adherence to newly established policies and procedures and adequate attestation documented
- Auditing of supplier agreements on a recurring basis to ensure adherence to newly established policies and procedures and adequate attestation documented
- Establishing a feedback, suggestion and whistleblower program. Regular monitoring of employee submissions. Reviewing submissions with task force and executive group for consideration on recurring basis

Marcon Group of Companies 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 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.

Marco Paoella

Marco Paoella
President
May 31, 2024

I have the authority to bind Marcon Group of Companies