



Forced Labor and Child Labor Report 2023

INTRODUCTION

As a leading North American parts distributor with operations in the U.S. and Canada, Marcone Group Inc. (Marcone) plays a role in promoting human rights and responsible business practices. We recognize that risks of forced labor and child labor (also referred to as modern slavery) exist and acknowledge that understanding and managing these risks requires a collaborative approach with our suppliers, our workforce, and other external stakeholders. This report (the Report) outlines Marcone’s governance processes, existing measures, and progress made in the 2023 fiscal year to prevent and mitigate the risks of modern slavery across our supply chain.

REPORTING CONTEXT

Marcone Group is Delaware corporation (USA) with Canadian subsidiaries subject to the legal requirements in section 11 of the *Fighting Against Forced Labor and Child Labor in Supply Chains Act* (the Act). This Report is made pursuant to the Act and was approved by the Marcone Group executive leadership on May 21, 2024.

For purposes of the Act, the reporting entities covered in this Report include functions, major projects, and assets that have been wholly owned and/or operated by Marcone Group from January 1st, 2023 to December 31st, 2023. The terms “Marcone,” “we,” “our,” and “the company” refer to Marcone Group and extend to all the entities listed in this Report.

This Report is a joint report filed by Marcone Group Inc. on behalf of itself and the following five Marcone Group subsidiaries operating in Canada: Marcone APW, ULC, Munch Supply Canada Inc., Trent Metals (2012) Limited, Marks Supply Inc.

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CORPORATE STRUCTURE AND BUSINESS ACTIVITIES

Marcone Group, headquartered in St. Louis, Missouri, United States, is the parent company of the entities covered in this Report and. Marcone Group operates in five core segments: HVAC, Appliance Parts, Plumbing, Commercial Kitchen, and Pool / Spa. Marcone Supply primarily operates as a distributor. The company provides parts for a wide range of household and commercial appliances, including refrigerators, washing machines, dishwashers, and more. Marcone serves a diverse customer base that includes independent repair businesses, contractors, and end consumers, offering both genuine OEM (original equipment manufacturer)

parts and high-quality aftermarket alternatives. Additionally, Marcone often provides technical support and resources to assist in the repair and maintenance of appliances.

Marcone employs a total of 2500 associates in the US and Canada. Marcone Group has centralized corporate and administrative functions that provide governance, financing, procurement, and other support to all Marcone Group core businesses, as well as to the affiliates and subsidiaries covered by this Report.

MARCONE SUPPLY CHAIN

The Marcone supply chain team is a centralized function that supports operations across the U.S. and Canada responsible for sourcing finished parts for OEM equipment sold through our branches in North America. The supply chain team is responsible for ensuring the company purchases parts from suppliers providing proprietary OEM and aftermarket parts required to repair OEM equipment (not manufactured by Marcone or our Canadian subsidiaries). The supply chain also tracks supplier metrics including spend, performance history, capabilities, discrepancies, and non-conformances. In 2023, the majority of Marcone's total spend was directed to support our customers in the U.S.

POLICIES AND DUE DILIGENCE

As a North American distributor, Marcone Group and its subsidiaries provide distribution logistics services for our manufacturers with limited involvement in direct sourcing activities. Marcone Group and its subsidiaries are committed to eliminating forced / child labor wherever we have influence.

MODERN SLAVERY RISKS

Marcone Group's greatest risk exposure to forced labor and child labor is through procuring OEM equipment and repair parts from suppliers operating globally, especially in higher-risk geographies. Marcone recognizes the potential risks of forced labor and child labor in our extended supply chain and the complexity and challenges in operationalizing modern slavery compliance.

ACTIONS TO ADDRESS RISKS

At Marcone Group and its subsidiaries, we take pride in being a premier distributor of a wide range of high-quality appliance repair, HVAC, and plumbing parts. We choose to only distribute both genuine OEM and high-quality aftermarket parts, sourced from global manufacturers. These manufacturers are renowned for operating sustainable and humane global supply chains, ensuring that the products we deliver to our customers meet the highest standards of quality, reliability, and ethical production. Our commitment is to provide exceptional service and support, helping our customers maintain and repair their equipment efficiently and effectively.

Marcone Group is an aggregation of over fifteen disparate companies across the US and Canada. Historically, our businesses operated independently, including in supply chain management. During 2023 we began the process of analyzing and assessing our supply chain operations to begin centralizing certain supply chain functions in our corporate offices. Internal processes to

assess risk and establish more extensive reporting are under development. This report is the first iteration of our analysis and reporting to comply with the new annual reporting requirements imposed by the Act.

Future actions to improve compliance with the Act may include:

- Establishing a team consisting of internal stakeholders within supply chain to align internal activities and further enhance due diligence and risk management activities.
- Mapping of our supply chain with suppliers who have directly contracted with the Company and level two higher risk suppliers.
- Developing internal policies for preventing forced labor and child labor in the supply chain, procurement policies, supplier due diligence, onboarding, and compliance processes
- Develop internal educational training, processes for reporting suspicious or actual violations, and supply chain contract templates for language that prohibits forced labor and child labor.
- Analysis of Marcone Group and affiliates customs import data from the Canadian Border Services Agency
- Initiated ongoing improvements to internal supply chain processes, policies, and training.

REMEDIATION EFFORTS

As Marcone Group is in the process of implementing centralized supply chain management, we have not identified any evidence of forced or child labor. Therefore, we did not implement any remediation measures in the 2023 fiscal year.

TRAINING AND AWARENESS

Training in this area is planned for development in the future. Once developed and implemented, this training will be mandatory for employees directly involved in purchasing and supplier performance activities.

MEASURING EFFECTIVENESS

Policies, procedures, and supplier agreement parameters are a work in process and will be implemented within applicable business as required by the “Fighting Against Forced Labour and Child Labour in Supply Chains Act” in the future.

A handwritten signature in black ink, appearing to read 'Avichal Jain', written over a faint horizontal line.

Avichal Jain
Chief Executive Officer
Marcone Group