

DISTRIBUTIONS

MAROLINE INC.

DISTRIBUTING



2024 REPORT ON BILL S-211, AN ACT TO ENACT THE FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT AND TO AMEND THE CUSTOMS TARIFF

May 30, 2024

Maroline Distributing Inc.

FINANCIAL REPORTING YEAR: JANUARY 1, 2023 TO DECEMBER 31, 2023

Introduction

This Report is produced by Maroline Distributing Inc. (“**Maroline**” or the “**Corporation**” or “**our**” 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 and 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 constitutes the first report prepared by the Corporation pursuant to Canada’s new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”).

Steps Taken in 2023 to Prevent Forced Labour and/or Child Labour

In 2023, Maroline took the following steps to prevent and reduce the risk of force labour and child labour:

- We conducted an initial assessment of the risks of forced labour and/or child labour in the company’s activities and supply chains. This assessment identified areas where such practices could perhaps occur and helped us establish priorities in our ongoing efforts to prevent and deal with them (should they occur).
- We mapped our activities and supply chains. We looked at all key activities / departments in the business and identified our main suppliers used in the procurement of products in the business.
- Maintained awareness in finished product sourcing. We source our product from well established companies in North America, Europe and Australia with minimal risk related to the Act. Our key suppliers have anti-slavery, anti-child labour, and anti-forced labour policies firmly in place. We also recognize the value of ongoing monitoring going forward.

Even though we consider Maroline’s exposure to forced labour and child labour risks in the supply chain to be low, we remain dedicated to strengthening safeguards where needed.

Structure

Maroline is a corporation organized under the laws of the Federal Corporations Act with its head office located at 1751 rue Richardson – Suite 4600, Montreal, Quebec, H3K 1G6. On December 31, 2023, Maroline’s parent company is 3856135 Canada Inc. with its parent company being Saturnia Holdings Inc. All its employees work primarily in the provinces of Ontario and Quebec in Canada.

Activities

Maroline is privileged to offer consumers the most complete line of luxury appliances in the world. Our business revolves around purchasing finished product and selling either through wholesale or retail to consumers primarily involved in the housing market, showcasing Sub-Zero’s world-renowned refrigeration and wine storage units, Wolf’s famous cooking instruments, and Cove dishwashers. Together, these brands represent the premier kitchen appliances on the market today.

Maroline’s operations were originally founded in the early 1990’s. Maroline distributes and sells luxury kitchen appliances primarily in Eastern Canada (Ontario, Quebec and the Maritimes). The company’s products are finished products, predominantly sold directly to end-users in the residential market. The company markets its products primarily through retail partner locations. Our brands are well known in the luxurious space. Forecasting and planning are dictated by demand coming from retail partner locations and sales activities undertaken by our management including our in-house sales department. Our purchasing department handles order and inventory management. Our warehousing department aids in inventory management, including receipt, handling, and shipping out inventory to the end user. We also provide installation of product services through our in-house labor

and selected local partners. Key support functions handled by in-house personnel are Human Resources, Information Technology and Finance. All these activities are performed by Canadian employees at either our Ontario or Quebec locations.

At Maroline, we are a culture-first company that believes in doing the right thing for our people. We strive to provide a work environment where our employees feel valued and challenged.

Supply Chains and Related Risks

Our supply chain consists of a few sophisticated, established, and renowned suppliers from which we purchase high-end finished goods. In preparation for this report, we analyzed all the key activities and departments in the business and suppliers used in the procurement of products in the business. This exercise provided a clear assessment of our main suppliers in the procurement of finished products for sale into our Eastern Canadian market. We performed an initial look at the potential risk of forced and/or child labour in the organizations' activities and supply chains. This assessment identified areas where our main suppliers are located (country of origin) and established priorities to enquire, prevent and address them (if applicable) with them. Our direct suppliers are based in North America and Europe. We expect our main suppliers, who we deem to be reputable, to adhere to high sustainability and human rights standards in their respective countries of operations. Based on the location of tier 1 supply chain, we don't believe any of our main suppliers operate in countries susceptible to forced and/or child labour. Nonetheless, we acknowledge that the risk of forced labour and child labour exists, given that the supply chain of our suppliers has a global footprint and therefore extends into regions potentially facing greater risk of forced labour and child labour. Maroline however values large suppliers that are well-established and reputable organizations with a history of good relations with the Company, or with our customers in the case of customer-approved suppliers, whether they are domestic or abroad.

In addition, our employees, which mainly work in our warehousing facilities, are all based in Canada, which is characterized by a low risk of child labour and forced labour. Additionally, our workforce is predominantly composed of skilled, qualified, and experienced individuals. We mainly source local labour needs using our in-house HR department and ensuring compliance with all relevant local labour laws (i.e. minimum wage, minimum age, eligibility, etc.). As a result, we don't believe any of our local Canadian activities are susceptible to forced and/or child labour.

Policies, Governance, Steps to reduce risk and Due Diligence Processes

Maroline's approach to reducing risks of child labour and forced labour in our supply chain relies on our strategy to engage with suppliers that generally have high human rights standards, as well as procurement policies that discourage the use of forced and child labour. Our industry is regulated requiring traceability, processes, independent audits and certifications. Suppliers must have the proper certifications to be awarded the work. Nonetheless, in preparing this report, we initiated (after the reference period) a series of actions to ensure that we formalize or enhance our processes with regards to the managing the potential risk of child labour and forced labour. These are initiatives are the following:

- We have communicated with all our main suppliers to:
 - discuss their policies and procedures. All of our main suppliers appear to be meeting these requirements;
 - discuss if they would be willing to work with us to undertake further procedures / actions to meet Maroline's requirement(s) under Bill S-211 in Canada. We intend to monitor suppliers through regular communications;
 - assess what they are doing at their end with regards to forced labour and/or child labour.
- We are working with our HR Department and suppliers on how to deal with any incidents (if they are reported to us).

- We are looking to implement a confidential grievance mechanism for our employees to report any concerns they may have, which could include those related to forced labour and child labour in our activities. Complaints will be investigated and addressed by upper management.
- We are looking into implementing a code of conduct for its employees which will clearly outline our commitment to ethical labour practices, including child labour and forced labour.
- Conduct regular risk assessments of our supply chain to assess if there have been any changes from the last assessment.
- Monitor relevant regulations and events in Canada and countries in which our main suppliers do business regarding protection against forced labour and child labour in our supply chain.

Remediation

For the attestation period, we have not identified any instances of child labor or forced labour within our supply chain. Consequently, there have been no occurrences requiring taking any measures to remediate any forced labour or child labour. As such, we have not taken any measures to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in supply chain related activities.

Training on Child Labour and Forced Labour

We currently communicate our commitment to ethical sourcing and human rights through informal channels. During the reporting period, we did not provide formal employee training with regards to forced labour and child labour issues. We recognize that potential risk of forced labour and child labour may reside in our supply chain, and we are committed to ensuring that we engage with supplier that have high ethical standards and that do not engage in such practices. We are also looking at introducing formal training that will include child and forced labour for certain employees in Supply Chain and Procurement roles, as well as upper management.

Assessing our effectiveness

Although we estimate that our current operations have a low risk of child labour and forced labour in our supply chain, we did not have sufficient formalized processes to manage such risk effectively during the reference period.

While we have not yet taken active steps to assess the effectiveness of the measures in place, going forward we will consider suitable processes to assess their effectiveness, in preventing and reducing the risk that forced labour or child labour is used in our activities and our supply chains.

Conclusion

The efforts deployed to produce the S-211 disclosure allowed us to take a deeper look at the risks pertaining to child labour and forced labour in our supply chains. Maroline is dedicated to upholding responsible procurement practices and the prevention of forced labour and child labour in its activities and supply chain. We aim to meet the highest standards and recognize that this will continue to be a continually changing environment and will require continued monitoring and improvement in this area.

In alignment with our values and mission that put sustainability at the forefront, Maroline is committed to continue to strengthen its risk managements practices and related mitigation practices with regards to child labour and forced labour risks and will implement and/or formalize various actions as discussed in this report.

Approval and 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. 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.

This report was approved by the Board of Directors of Maroline Distributing Inc. on May 30, 2024.

(s) Jonathan Amiel

Jonathan Amiel

President

May 30, 2024

I have the authority to bind Maroline Distributing Inc.