



## GNUTTI CARLO GROUP

# Canada Fighting Against Forced Labour and Child Labour in Supply Chains Act Report Requirement per Act Section 11 (financial year 2023)

### The entity's structure, activities, and supply chains

Gnuttì Carlo Group is a global company based in Maclodio (BS), Italy. A family-owned business since 1922, with over 20 years of international history, and over 4,000 employees across 13 plants in 9 countries. Gnuttì Carlo Group is organized across two business segments: Powertrain, and High-Pressure Die-Casting.



Gnutti Carlo Group is a world leader in the development and production of components and systems for Valve Train and injection units. We are a partner of several OEM's operating in the truck, earthmoving, agricultural, motorcycle, marine, and genset sectors. We entered the car market in 2014 with the acquisition of the Ljunghäll Group founded in 1917 and European leader in the supply of complex die-cast aluminum components for automotive and telecommunications. We wanted to diversify our Group by adding new technology, new markets, new customers, and new products. Furthermore, with the addition of Ljunghäll, we can supply the market with complete Valve Train systems (camshaft carrier + rocker arm assembly). At the end of 2018, we acquired the TCG Unitech Group founded in 1958 and, besides strengthening the field of aluminum die casting, we entered the world of magnesium, injection molding of thermoplastic materials and the development and production of oil pumps and coolant pumps.

“Added Value, in Everything We Do” is our motto, our way of working every day and our approach towards the future, at the basis of which is the Code of Ethics and Conduct of the Gnutti Carlo Group, defining the ethical and social principles to which all those who are part of our organization must adhere to. The Code of Conduct is inspired by the UN Universal Declaration of Human Rights and the ILO’s Declaration of Fundamental Principles and Rights at Work concerning Multinational Enterprises.

The supply chain in our industry is complex, with tiers between material suppliers and manufacturers such as Gnutti Carlo Group companies. Our supply chain includes component suppliers as well as indirect suppliers of facilities, equipment, materials, and services.

Gnutti Carlo Group has outlined conduct guidelines for our business partners and suppliers since its beginnings and has a formal Code of Ethics and Conduct that applies clear expectations related to respecting human rights, protecting the environment, and lawful business practices throughout our value chain. We work with our suppliers in various ways to achieve these requirements.

This is a joint report, filed by Gnutti Carlo SpA on behalf of itself and Gnutti Carlo Canada Ltd., and Ljunghall Canada Ltd., which are both located in Huron Park, Ontario and are wholly owned subsidiaries of Gnutti Carlo SpA. Gnutti Carlo Canada Ltd. businesses include manufacturing of high precision engine components for

construction, agricultural, marine, genset, and transportation engines, and sales and distribution of components. Ljunghall Canada Ltd businesses include manufacturing and sales of high pressure Alu-die casting components for the automotive industry.

Gnutti Carlo Canada Ltd and Ljunghall Canada Ltd supply chain policies and procedures, including those related to the reduction of risks of forced labour and child labour therein, are the same for all Gnutti Carlo Group companies, described in the Gnutti Carlo Company Management System Handbook, the Code of Ethics and Conduct, the Supplier Manual, and its Central Directives and standards.

### **Policies and due diligence processes in relation to forced labour and child labour**

Our commitment to supporting and respecting human rights is embodied in our Code of Ethics and Conduct <https://www.gnutticarlo.com/en/corporate-governance/code-of-conduct>, which addresses key workplace issues including but not limited to child labour, forced labour, ethical recruitment practices, equal opportunities, fair working conditions, and respect for the person and diversity. Gnutti Carlo's policy prohibits any form of forced labour, modern slavery, human trafficking, child labour or work carried out under constraint or threat of violence and supports and respects the protection of internationally established human rights. The Group regulates the employment relationship with its associates through employment contracts, also the result of collective bargaining, in accordance with the provisions of the law, in full compliance with the regulations in force regarding the employment of workers, remuneration and social security obligations, tax and insurance. The employment contracts guarantee adequate remuneration and congruous working hours according to the laws in force in the countries in which the Group operates.

In addition to supporting human rights within our own organization, we are committed to ensuring our suppliers do the same. Gnutti's Carlo's Supplier Manual, included in business contracts and the company's General Terms and Conditions, defines expectations, rules, and requirements that are necessary and indispensable to maintaining a successful business relationship with Gnutti Carlo Group

companies and reflects applicable laws and international human rights frameworks mentioned above, and Gnutti Carlo's own internal policies and procedures. Also incorporated to Gnutti Carlo's General Purchasing Conditions, the Code of Ethics and Conduct, requires suppliers to follow all applicable Gnutti Carlo Group policies and comply with or exceed applicable laws and regulations.

### **Assessment of Risks, Due Diligence and Verification**

Gnutti Carlo Group's greatest risk exposure to forced labour and child labour is through suppliers, and we recognize the potential risks of forced labour and child labour in our extended supply chain.

We conduct supplier audits annually, which have the purpose to assess business ethics and conduct of our suppliers towards forced labour and child labour, which are not acceptable for the Gnutti Carlo Group. Our Central Directive 02.02 defines the procedures for planning, implementation, assessment, and follow-up of internal and supplier audits. During these audits we assess new and existing suppliers, their locations and technologies, and all processes that directly or indirectly affect the Gnutti Carlo Group. The audit extends to the interface between the supplier and sub-suppliers and with Gnutti Carlo.

Item 3.6 of CD02.02 outlines these supplier audits. The audit team works with form S-02.024 "Supplier Audit Checklist" where questions 1.10 and 1.12 specifically address Human Rights standards, and zero tolerance of forced and child labour. The supplier receives a score based on a rating system. A root-cause analysis is used for questions rated with a score < 80% in supplier audits, to understand the real cause of the non-conformity found during the audit, to define all the necessary corrective actions.

**In 2023 we also conducted a forced labour assessment questionnaire with global direct suppliers.** Managed through our Compliance Team, it required suppliers to identify risks and advise of due diligence analysis of their supply chain for products supplied to Gnutti Carlo Group companies. The Compliance Team also performed a forced labour, child labour, and sanctions screening utilizing the following lists:

**CBP-Forced Labor List** - Section 307 of the Tariff Act of 1930 (19 U.S.C. § 1307) prohibits the importation of merchandise mined, produced, or manufactured,

wholly or in part, in any foreign country by forced labour including forced child labour.

**UFLPA Entity List** - The Uyghur Forced Labor Prevention Act (Public Law No. 117-78), also known as the UFLPA, directs the Forced Labor Enforcement Task Force to develop a strategy for supporting enforcement of the prohibition on the importation of goods into the United States manufactured wholly or in part with forced labour in the People's Republic of China, especially from the Xinjiang Uyghur Autonomous Region.

Our analysis did not yield evidence of forced or child labour, we did not implement any remediation measures in the 2023 fiscal year.

While Gnutti Carlo Group believes in the efficacy of the measures we take to prevent forced labour and child labour in our operations and supply chain, we will continue to improve our supply chain and work to maintain a thorough understanding of our complex global supply chain networks. Our goal is to deepen our collaboration and relationships with our suppliers, to work together towards building higher levels of transparency, through all tiers of our supply chain, to ensure human rights protections for all workers.

## **Training**

Gnutti Carlo Group employees receive orientation and training through the Gnutti Carlo Academy modules. This includes training on the Gnutti Carlo Code of Ethics and Conduct, which includes forced labour and child labour.

## **Assessing our effectiveness**

Gnutti Carlo Group is committed to developing a strong and transparent supply chain, where human rights of every worker are respected. We intend to continue our ongoing audits of all suppliers, as mentioned above, and assess any activities that would violate our Code of Ethics and Conduct. We will continue to review our policies, procedures, and practices periodically to determine improvements we can make to help prevent forced labour and child labour.

## **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 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.

I have the authority to bind Gnutti Carlo Group

Claudio De Conto

CEO

27.05.2024

  
Signature,