

# **Crown Lift Trucks ULC Supply Chains Act Report (2023)**

## **ABOUT THIS REPORT**

Crown Lift Trucks ULC ("**CLT**", "**we**", "**our**" or "**us**") has prepared this report (the "**Report**") being submitted pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year ended December 31, 2023 (the "**Reporting Period**").

This Report describes the steps taken to enhance transparency in our supply chains by outlining the actions taken during the 2023 financial year to prevent and reduce the risk that forced labour or child labour ("**Modern Slavery**") is used at any point in the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

CLT does not report under similar legislation in any other jurisdiction. CLT's parent company, Crown Equipment Corporation ("**CEC**") produces a statement under the *California Supply Chain Transparency Measures Act*, which can be found [here](#). Certain affiliates of CLT, namely Crown Lift Trucks Limited and Crown Equipment Pty Limited, also report under similar legislation to the Act in the United Kingdom and Australia, respectively. The most recent reports for Crown Lift Trucks Limited and Crown Equipment Pty Limited can be found [here](#) and [here](#).

## **COMPANY STRUCTURE, ACTIVITIES AND SUPPLY CHAIN**

### ***Company Structure***

CLT is a wholly owned subsidiary of CEC, a privately held manufacturer of material handling equipment headquartered in New Bremen, Ohio. CEC entered in the material handling equipment industry in 1960 and earned a reputation as a leading innovator in world-class forklift and material handling equipment. CEC is not a reporting entity under the Act. CLT is the Canadian subsidiary of CEC responsible for the Canadian sale and rental of products manufactured by CEC and its subsidiaries, including forklifts and related parts. CLT has locations in Ontario (Mississauga, Windsor, Belleville, Concord, Ottawa, and Brantford) and Quebec (Montreal and Quebec City).

CLT employs 545 people with 408 working in Ontario and 137 in Quebec. Most of CLT's employees are directly engaged in the sales, rental and service of material handling equipment across almost all sectors and industries. Those employees that are not directly engaged in the sales, rental and service of material handling equipment, are employed in support roles or corporate support and services roles, that serve to support CLT's operations and facilitate the work of those employees that are directly engaged in the sales, rental and service of material handling equipment.

### ***Activities***

CEC and its subsidiaries, including CLT (collectively, the "**Crown Group**") own and operate 23 manufacturing facilities and 159 sales branches worldwide. The manufacturing operations are primarily located in the United States, in addition to other jurisdictions. No manufacturing activity occurs in Canada. CLT is a Canadian material handling equipment distributor, that provides parts, maintenance, sales and services.

The Crown Group designs and manufactures up to 85 percent of its own lift truck components, including key parts like motors, drive units, and electronic modules. In doing so, the Crown Group adheres to all regional laws regarding compensation and treatment of personnel within its manufacturing facilities.

### ***Supply Chains***

As a part of the Crown Group, CLT utilizes the Crown Group's broad supplier base, which includes products and components sourced from suppliers domestically and internationally.

In 2023, CLT imported 99.47 percent of its products from suppliers in the United States,<sup>1</sup> and 0.53 percent of its products from an affiliate in China. CLT's primary supplier of goods and services is CEC and other members of the Crown Group. Of CLT's U.S. imports, approximately 72 percent were from other members of the Crown Group and 9 percent were from another manufacturer based in the United States. The remainder of CLT's suppliers, all of which are from the United States, include warehouse racking suppliers and other related material suppliers, all of which are part of the Crown Group's global supplier base and subject to the policies and due diligence processes described below.

### **POLICIES AND DUE DILIGENCE**

The Crown Group takes a group-wide approach to Modern Slavery compliance, which includes CLT. The policies and procedures mentioned in this report, including the Global Code of Conduct (the "**Code**"), the Supplier Code of Conduct (the "**Supplier Code**"), and the Global Supplier Selection and Intellectual Property Protection Policy (the "**Supplier Selection Policy**"), apply to all entities in the Crown Group, including CLT. The policies and procedures listed in this Report form part of a broader comprehensive set of policies and procedures that are used to assess and manage risks within the Crown Group's operations and supply chains. CLT relies on the supply chain processes used by the Crown Group.

#### **Policies**

##### *Global Code of Conduct*

The Code describes the standards of conduct expected of each officer, director, and employee of the Crown Group. The Code sets forth the basic guiding principles and values for all members of the Crown Group, which are intended to assist officers, directors, and employees in conducting the Crown Group's affairs ethically and in accordance with the law. All Crown Group members are expected to familiarize themselves with the principles and guidelines in the Code and are expected to conduct their activities on behalf of the Crown Group in accordance with the Code.

CEC reviews the Code on an annual basis and publishes it on its website [here](#).

##### *Supplier Code of Conduct*

The Supplier Code provides the guiding principles and values underling the business activities of every Crown Group supplier. The Supplier Code outlines the Crown Group's expectations, including that it is expected that all suppliers and their respective subsidiaries and affiliates globally will act in compliance with the Supplier Code. In addition, the Supplier Code reiterates

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<sup>1</sup> The most recent Walk Free Global Slavery Index ranks the prevalence of modern slavery in United States as "low". See [here](#) for more information.

the Crown Group's reputation for integrity and history of honest, ethical and fair relations with all of its business partners. The Crown Group expects that its suppliers will operate with integrity and commit to similar principles. The Supplier Code prohibits Modern Slavery.

All suppliers are requested to review and share the Supplier Code within their organizations and sign an acknowledgment form and return it to Crown.

CEC reviews the Supplier Code as required and publishes it on its website [here](#).

### *Global Supplier Selection and Intellectual Property Protection Policy*

The Supplier Selection Policy is an internal Crown Group document that identifies countries which potentially have higher risk to intellectual property and regulatory compliance and ensures suppliers in these countries are adequately selected and evaluated prior to transmitting any intellectual property or awarding any production contracts.

The Supplier Selection Policy contains a procedure that sets out the process for identification, assessment, selection, and audits of suppliers. The Crown Group has designated specific regions as posing an additional risk and, therefore, suppliers from those regions are subject to additional diligence and documentation during the selection process. All Crown Group purchasing personnel are expected to read and follow the Crown Group's internal Purchasing Ethics and Supplier/Competitor Relationships Policy.

With respect to Modern Slavery risks, including child and forced labour in its supply chains, the supplier selection procedure includes the following steps:

- Selection of new global suppliers are subject to approval from the New Bremen Corporate Director of Purchasing.
- Regardless of location, the Crown Group is expected to be aware of the following requirements to support good business practices:
  - o The Crown Group prohibits the use of any supplier that employs child, slave, or prison labor, or that is in any way involved in human or other trafficking.
  - o The Crown Group's suppliers are expected to comply with all local health, safety, and labor laws.
    - The Sourcing Specialist is responsible for conducting the initial visit to the supplier and follow-up visits to verify the supplier's compliance in person on the exact site(s) in which production or processing of Crown Group products will occur.
    - During the part qualification process, a sourcing tree can be requested by the Sourcing Specialist and reviewed along with the supplier's sub tier sourcing process to consider it against the standards in the Crown Group's policies, procedures, and terms and conditions.

- The Crown Group's Purchasing policy indicates that purchasing employees should strive to visit suppliers in developing countries on an annual basis. These visits are intended to be conducted in accordance with the internal Supplier Trip Checklist and Trip Report Form. During these visits Sourcing Specialists will review whether child (a child is to be considered anyone 15 or younger or a higher age if required by law) or forced labor is being utilized. In the event there is evidence that improper labor practices are present at a supplier or sub tier supplier, the employee is directed to immediately notify Purchasing management. Additionally, Crown Group sales teams are notified so that any Crown Group customer that requires notification can be contacted. Purchasing management assesses and verifies the situation and can either suspend business or obtain objective evidence of the supplier's immediate corrective action. As part of the corrective action, the best interest of the child must be taken into consideration.
- For Global Suppliers, the Purchasing department aims to perform an annual review and one annual visit.
- For Global Suppliers, the Purchasing or Quality departments may conduct random unannounced visits to ensure these suppliers are following approved processes and practices.
- It is the responsibility of Crown Purchasing to assess the risks of doing business with Global Suppliers as part of the selection process. This assessment forms part of Crown's Supplier Evaluation Form, Supplier Review Process, Supply Chain Security Questionnaire, and the Supplier Review database.

In the event that any Crown Group employee has knowledge of or suspects a violation of law or anything in this or other Crown Group policy or procedure, they are strongly encouraged and requested to report it to the Director of Purchasing, Internal Audit Officer, HR Manager, their Supervisor, a representative from the Legal department, Compliance & Ethics, or utilize the "Connect With Crown" anonymous tip line.

#### *Anonymous Reporting Line*

The Crown Group has implemented and maintains a 24/7/365 anonymous reporting line named "Connect With Crown". This reporting line is administered by an independent third party and designed to allow employees and people connected to the Crown Group to anonymously report their concern in the language of their choosing.

Training on the program is provided to all employees on their commencement, and the program is also promoted on signage at all Crown Group locations and on CEC's intranet, accessible to CLT.

#### Due Diligence

CLT supports the Crown Group's commitment to do all that is reasonable and practicable to proactively identify and mitigate (potential) adverse human rights impacts in its operations and

value chain using various due diligence mechanisms. Some of these due diligence mechanisms include those set out below.

### *Due Diligence Screening and Risk Assessments*

In addition to the supplier screening processes discussed above, the Crown Group assesses its suppliers prior to engaging their services and has a process for conducting ongoing diligence post-engagement. Prior to engagement, Crown Group personnel are expected to complete a Supplier Evaluation Form and Supply Chain Security Questionnaire for each supplier, both of which look for acceptable responses to assessment and screening process questions related to supply chain risks. Additionally, the Crown Group utilizes a cloud service that monitors all of its business partners for specially designated nationals, denied debarred individuals and entities, and other risk factors on a global basis. This monitoring is conducted when there is a purchase order issued, when a sale is accepted, or a shipment is made. Post-engagement, suppliers are subject to ongoing assessment by CEC. Currently, this specific screening applies in the United States only. As CLT imported the majority of its products from the United States, this additional due diligence also benefits CLT.

### *Sphera Supply Chain Risk Management*

The Sphera Supply Chain Risk Management tool assists the Crown Group in responding to risk by bringing corporate and operational risk into a single comprehensive view. In addition to providing live updates of the Crown Group's supply chains, including a map, it provides the Crown Group with:

- Company-Wide Visibility: This enhances the Crown Group's ability to identify potential hazards and assess risks more effectively.
- Rapid Risk Assessments: Providing the ability to conduct risk assessments quickly, enabling timely corrective actions; and
- Integrated Work Management: Integrating risk assessment with work management enhances the Crown Group's ability to promptly address identified risks.

### *Monitoring, Auditing, and Verification*

As described above, the Crown Group continues to monitor, audit, and verify its supplier screening processes and suppliers themselves. Additionally, suppliers have been receiving revised supply conditions that detail the Crown Group's position of conducting business with companies that comply with its opposition to Modern Slavery. The Crown Group understands that supply chain audits are not the sole action to address Modern Slavery practices; however, they are one of the tools that will help to identify and indicate practices of Modern Slavery. The Purchasing Department reviews audit reports to identify any non-compliances or non-returns. These cases are typically escalated for additional supplier engagement and investigation.

## **POTENTIAL RISKS OF FORCED LABOUR OR CHILD LABOUR IN OUR OPERATIONS AND SUPPLY CHAINS**

### ***Potential Risks in Our Operations***

We consider the risk of Modern Slavery occurring within our operations to be low considering that all work performed by CLT is conducted by our entirely Canadian workforce and all imports are subject to the Crown Group's in-depth policies and procedures.

From a geographical risk perspective, our employees are limited to Canada, which has a low prevalence of child and forced labour, low risk of vulnerability to child and forced labour, and fairly robust governmental responses addressing child and forced labour.<sup>2</sup>

At a company-wide level, CEC prohibits suppliers from using or engaging in any indentured or forced labour, slavery or servitude, human trafficking, or compulsory labour.

### ***Potential Risks in Our Supply Chain***

As a subsidiary of CEC, our supply chains directly benefit from the policies and due diligence implemented at the parent level and among our Crown affiliates that are tasked with assessing the compliance of their respective supply chains.

We recognize that the risks of child and forced labour are inherent to all supply chains, including ours. However, we rely on the policies of the Crown Group to identify and reduce these risks.

In 2023 we did not identify any instances of child or forced labour in our operations or supply chains. Accordingly, no steps were required to remediate child or forced labour, or the loss of income associated with remediation efforts.

### **TRAINING**

CLT benefits from the company-wide training provided as part of CEC's broader compliance and communication programs. CEC trains those individuals responsible for the supply chain and vendor selection on identifying behaviors that indicate human trafficking or use of slave labour.

As such, there remains a focus on Modern Slavery training for employees in a number of connected roles, prioritizing those managing higher risk categories and involved in supplier engagement, to seek to have an adequately informed workforce.

In addition, CLT provides training on the company's anonymous reporting hotline to new hires.

### **ASSESSING EFFECTIVENESS**

As we continue to evaluate CLT's compliance measures that are designed to prevent and reduce the risk of Modern Slavery, we intend to consider, where appropriate, implementing measures to assess the effectiveness of any of our processes.

The Crown Group assesses the effectiveness of its existing policies, practices, and programs, including by collaborating with various functions and departments within CEC and providing ongoing opportunities to review:

- Annual high-risk supplier visits both announced and unannounced;
- Responses to assessment and screening questions provided in the Supplier Evaluation Form and Supply Chain Security Questionnaire;
- Modern Slavery due diligence to address any gaps or breaches; and
- Feedback from internal and external contributors and stakeholders.

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<sup>2</sup> The most recent Walk Free Global Slavery Index ranks the prevalence of Modern Slavery in Canada as "low". See [here](#) for more information.

## **BOARD OF DIRECTORS APPROVAL AND ATTESTATION**

This Report was Approved by the Board of Directors of Crown Lift Trucks ULC, pursuant to section 11(4)(a) of the Act.

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 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.

/s/ James F. Dicke III

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I have the authority to bind Crown Lift Trucks ULC

James F. Dicke III  
Director, Crown Lift Trucks ULC  
May 28, 2024