

California Transparency in Supply Chain Act

At CRRC MA, we hold ourselves and our suppliers accountable to high ethical standards wherever we do business. In collaboration with our suppliers, CRRC MA prohibits in our supply chain any form of human rights violations, including but not limited to, forced labor, child labor, and human trafficking. CRRC MA works diligently to ensure CRRC MA's products are produced ethically by our suppliers and in accordance with applicable laws. In addition, the CRRC MA Supplier Code of Conduct ("Code of Conduct") considers and references the UN Global Compact principles relating to human rights, labor standards, anti-corruption, and environmental protection initiatives.

CRRC MA specifically incorporated into the Supplier management process certain steps to ensure the requirements and principles of the California Transparency in Supply Chain Act are paramount in the monitoring and validation of our diverse supply chain. CRRC MA requires its suppliers and sub-suppliers to adhere to the Code of Conduct and certify to CRRC MA that the supplier, including its sub-suppliers of all levels within its supply chain are providing goods or services in compliance with the Code of Conduct and the California Transparency in Supply Chain Act.

The Key pillars of the Evaluation process are:

- **Verification**

CRRC MA shall make efforts to verify that suppliers are in compliance with CRRC MA's Supplier Code of Conduct and applicable laws. We do not use third party verifiers. Our own risk management team leads the verification process in which we require each of our suppliers to complete a Code of Conduct questionnaire regarding human rights, health and safety, environmental considerations, ethics, and disclosure of information in the supply chain by providing supporting confirmation documents. The Code of Conduct questionnaire must be completed biannually by each supplier.

- **Audit**

CRRC MA monitors supplier behavior through our internal risk management team. At this time, unannounced audits are not performed. CRRC MA will consider each case independently and determine if:

- 1) Desk Top Audits should be undertaken, these (DTA's) will be defined for those suppliers providing certain materials or who are geographically located in Low-Risk environments and that are of lower risk of non-compliance due to a comprehensive risk evaluation.

- 2) Supplier location Audits, these (SLA's) will be established for those suppliers providing certain materials deemed to be higher level potential risk, due to materials used in the manufacturing process or that are located in a jurisdiction that requires additional focus.

- **Certification**

The CRRC MA Supplier Code of Conduct and the Ethical and Responsible Procurement Partner Code, which incorporates the requirements of the California Transparency Act 2010, are processes designed to capture the required standard of each a supplier within the supply chain of CRRC MA. CRRC MA requests each supplier to certify their supply chain is acting in accordance with to the standards of the Code of Conduct, and U.S. applicable laws and regulations, including labor laws. The certification is made by means of formal submissions by the supplier in which they attest to their compliance by completing our Code of Conduct questionnaire. Upon request, suppliers must produce documentation to CRRC MA representatives in support of their certifications of compliance. If CRRC MA determines that the supplier is not in compliance, CRRC MA reserves the right to terminate our business relationship with the supplier.

- **Internal Accountability**

All forms of forced labor and any other human rights violations are strictly prohibited within our company and externally in our supply chain. Employees within our company and our suppliers are required to adhere to all applicable laws and regulations. Noncompliance with our company standards can result in discipline up to and including termination.

- **Training / Familiarization Sessions**

CRRC MA performs in-house training sessions on human trafficking and slavery with each department that has direct interfacing with the CRRC MA Supply chain.