

2024 Forced Labour and Child Labour Report for China Railway Engineering Equipment Group Co. Ltd. and CREG TBM Germany GmbH

This voluntary joint report is made in compliance with Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "**Act**") by China Railway Engineering Equipment Group Co. Ltd. and CREG TBM Germany GmbH (together, "**CREG**" or "**we**").

This report has been prepared for the calendar year ended December 31, 2024.

CREG's board of directors, as the principal governing body, approved the report pursuant to section 11(5) of the Act on **27 March, 2025**.

Who We Are: Activities, Structure, and Supply Chains

CREG is a subsidiary of China Railway Hi-Tech Industry Co., Ltd. ("**CRHIC**" or "**the Company**"), one of the largest infrastructure construction equipment manufacturers in China. CRHIC's main products include railway turnouts, bridge steel structures, shield machines, TBMs, profiled shield machines, large special construction machinery, all series maglev and straddle rail transit turnouts and railway tracks, urban rail transit, and highway, municipal, and water conservancy projects, among others.

CREG's operations have an international reach. We currently have wholly owned subsidiaries incorporated in Germany, and branch offices in Italy, Singapore and Korea. In addition, over 130 CREG Tunnel Boring Machines ("**TBMs**") have been supplied to overseas markets, including in Germany, Italy, Denmark, France, Poland, Portugal, Turkey and Georgia. We have supplied TBMs to East and Southeast Asian countries such as Korea, Singapore, Malaysia, as well as Australia, Brazil, Israel, and Algeria.

CREG is a worldwide underground solutions provider for a full spectrum of mechanized tunnelling technology and services. We employ more than 4,200 employees including over 800 designers to design and manufacture TBMs and associated equipment. CREG products consist of Single/Double Shield TBM, Gripper TBM, EPB and Slurry TBM, Pipe Jacking Machine, Reamer TBM and Inclined Shaft Machines. Our TBMs have been used to bore metro tunnels, water transfer tunnels, sewage tunnels, as well as railway and highway tunnels globally.

CREG TBM Germany GmbH, a subsidiary of CREG, is based in Düsseldorf and was founded in 2014. CREG Germany's main function is to promote marketing, sales, and product support of CREG tunnelling equipment on international markets.

As one of the largest TBM suppliers in the world, CREG boasts outstanding productivity, performance, safety and geological adaptability, impressive R&D competence, a number of invention patents, as well as excellent after-sales service and support. CREG has supplied TBMs

ranging from 2 metres to 15.8 metres used in all kinds of geology conditions, including hard rock, soft soil and complex geology.

CREG's operations in Canada largely involve supplying tunnelling equipment to Canadian construction companies on a sale-and-buyback basis. We are a leader in tunneling equipment manufacturing in the global market. Our TBMs have been widely used both domestically and internationally in varying underground traffic and utility tunnels.

CREG's first TBM sales contract in Canada was signed in August 2024. For our Canada sales so far, our TBMs are manufactured, assembled, and tested at CREG HQ Zhengzhou factory and subsequently delivered to the jobsite.

We pride ourselves on our mission to become a practitioner, promoter and pioneer of corporate social responsibility. As a leading tunnelling equipment manufacturer in international markets, CREG maintains a global supply chain. We understand the risks of forced labour and child labour inherent in international supply chains and have thus implemented policies and procedures from our parent company, applicable through all subsidiaries, to mitigate this risk.

How We Work to Ensure Our Supply Chains Are Free of Forced Labour and Child Labour

CREG is committed to conducting our business legally and responsibly, and protecting our employees' rights while upholding our environmental and social responsibilities. We employ our parent-level policies to ensure these responsibilities are respected throughout CREG's global operations, including the obligation to ensure our supply chains do not engage with forced labour or child labour. CREG also works with our suppliers to ensure we are sourcing from vendors and suppliers which share our values and comply with our policies and prohibitions.

CREG operates in accordance with the laws and regulations of the areas in which we do business as well as international rules and regulations, such as the Ten Principles promulgated by the UN Global Compact GRI (Global Reporting Initiative) Standards to ensure we report accurate and true statements.

We are continuously developing our policies and procedures to provide better protections for our employees, the environment, and the communities in which we work. We are equally committed to continuing to develop our policies and procedures relating to forced labour and child labour in supply chains, including through working closely with our suppliers.

1. Our Policies & Employee Training

CRHIC's core values include equality and justice, unity and cooperation, openness and tolerance, pursuit of common development, and harmony between the Company employees, shareholders, and society. We expect all employees to adhere to and uphold these core values. These policies apply throughout all CRHIC subsidiaries, including CREG.

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CRHIC has established a scientific, standardized, systematic, and effective management system for corporate social responsibilities (“**CSR**”) that applies throughout the CREG entities. This system involves a series of social responsibility management activities applicable to headquarters and subsidiaries in order to achieve comprehensive coverage and implementation of our policies and procedures relating to CSR.

As outlined in CRHIC’s ESG and Social Responsibility Report, CRHIC’s policies apply equally to CREG and our employees. CREG strictly abides by all relevant laws and regulations during production and operation. Among our CSR policies and promises, we uphold the following relating to human rights and labour rights within our operations:

- **Prohibitions against forced labour and child labour:** CREG strictly prohibits and opposes any form of forced labour and child labour practices both in our operations and in our partnerships with suppliers.
- **Safeguarding employees’ interests:** CREG strictly abides by Labour Law of the People's Republic of China, among other relevant laws and regulations that have significant impact on our employees in countries where the Company conduct operations.
- **Formal labour contracts:** All employees must enter into formal labour contracts that stipulate working hours and pay in accordance with the laws and regulations of the geographic areas in which we operate. In the interest of transparent communications with employees, we engage with trade unions and employee representatives’ meetings, as well as general training and specific trainings on staff manuals.
 - CREG drafts our employment contracts to ensure compliance with the law and risk prevention, and we are continuously developing ways to strengthen contract management. We ensure all employed persons have signed labour contracts in accordance with the law to clarify their rights relating to labour protections including compensation, insurance, professional ethics, etc.
- **Employment protections and promotion:** We understand that protecting and promoting employment is a key element in fulfilling CSR obligations. CREG strictly abides by the laws and regulations in the areas in which we operate.
- **Prohibition against discrimination:** Noting our international operations, CREG resolutely prohibits all discrimination and vicious competition against ethnicity, region, religion, gender, family, and all other protected grounds. We actively work to ensure we provide equal employment and promotion opportunities for all employees, particularly vulnerable employees such as migrant workers and female employees. We are committed to eliminating such actions throughout our operations.
- **Health and safety:** CREG supports occupational health, safety, and environmental protection. We seek to improve labour safety and health conditions by implementing

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specific protections for employees, such as special protection for employees engaging in certain high-risk work types and for female employees.

CREG seeks to continuously improve our employees' education and training system. We provide training on our policies and procedures, as well as project safety and preventing common quality problems.

Though we currently do not have specific training on prohibiting and preventing forced labour and child labour in supply chains, we do train on all our policies. We are also seeking to develop our training further, so it is likely that our future training will involve training on forced labour and child labour in supply chains and how we as a company can prevent such practices.

2. Our Due Diligence Processes

CREG does not tolerate violations of our policies and procedures. We require that any person doing business with CREG – individuals, vendors, suppliers, partners, etc. – adhere to national and local laws, regulations, and applicable requirements.

- **Labour contracts:** Prior to employing any person, we carefully verify all candidates' identities to ensure we uphold our prohibition against child labour in our operations. All of our labour contracts set out in detail the rights and obligations of both parties in the contract, emphasize the timely payment of employees' salaries in accordance with the law, and safeguard employees' rights to rest and all other legitimate rights and interests of employees.
- **Integrity system:** We are continuously strengthening our integrity system to prevent any forms of corruption throughout the business, including by refining supervision and disciplinary accountability throughout our operations.

3. How We Monitor Ourselves, Our Suppliers, and Assess Effectiveness

CREG engages with multi-channel communications with our suppliers, and all enterprises and individuals providing products or services to CREG. This ensures we share our CSR expectations and requirements while understanding those of the suppliers, as well.

We are continuously upgrading our supply chain management processes, such as by establishing and perfecting our supplier management system. We have employed open supplier recruitment and supplier review and evaluation to establish a strategic, high-quality, and qualified supplier catalog.

CREG operates under the presumption that "review comes before procurement". To uphold this, we carry out comprehensive supplier reviews based on reputation, quality, service, and technology, among others.



Our agreements with our suppliers make clear that suppliers must comply with all applicable laws and regulations, including laws and regulations prohibiting forced labour and child labour. We have adopted a company-wide access system for suppliers that establishes a unified and comprehensive supplier evaluation index system and evaluation model. This has allowed us to establish a list of “negative” suppliers who have engaged in misconduct according to our policies.

Additionally, we require suppliers to sign our Supplier Code of Conduct Commitment Letter. The Commitment Letter states that the supplier should provide a safe and health-friendly working environment to ensure employees’ well-being while preventing accidents, injuries, and occupational diseases, and likewise exert influence on its supply chain to fulfill its social responsibilities. This helps CREG ensure that we provide employees with a safe employment environment throughout our supply chain.

How We Have Addressed Reported Risks or Use of Forced Labour or Child Labour our in Supply Chains

As of December 31, 2024, CREG has not encountered situations of forced labour or child labour in our cooperation with our suppliers. We therefore have not had to remediate such situations.

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.

Full name:

Title:

Date:

Signature:



I have the authority to bind China Railway Engineering Equipment Group Co. Ltd. and CREG TBM Germany GmbH.