



2020 AUSTRALIA
SUSTAINABILITY REPORT

About the Report

This is the second sustainability report issued by CRRC Corporation Limited in Australia. It elaborates on how CRRC, together with its stakeholders in Australia and its neighboring areas, has stayed committed to the pursuit of sustainability and humanistic care, which has contributed to local prosperity, a better life for people, and an enabling ecosystem. The report is prepared in English and Chinese, and should any discrepancy arise between the two, the Chinese version shall prevail.

The report covers all CRRC's subsidiaries in Australia, and the relevant data is collected by CRRC and its subsidiaries from June 30, 2019 to December 31, 2020. In the report, CRRC Corporation Limited is referred to as "CRRC" and "we". It is prepared in accordance with the GRI Standards and ISO 26000:2010-Guidance on Social Responsibility.

For more information, please visit the website www.crrcgc.com to see the complementary information online. All comments and questions about this report are welcomed, and feedback can be sent to crrc@crrcgc.com.

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Liu Hualong, Chairman of CRRC Corporation Limited

Chairman's Message

As a provider of high-end equipment system solutions in the rail industry with a history of nearly 140 years, CRRC strives to *connect the world through better mobility*. Since entering the Australian rail market in 1999, we have provided high-quality products and services with the principle of "integration and service" to promote the development of the Australian rail industry and actively contribute to the sustainable development of local economy, society and environment.

In 2020, we faced the challenge of the COVID-19 pandemic sweeping across the world, and made the efforts to overcome difficulties in production and logistics together with our Australian partners to deliver products on time, which have further deepened our mutual trust. Our actions have contributed to the pandemic responses taken by both China and Australia, and also to the sustainable development in both countries.

We facilitate Australia to create unimpeded rail transit facilities. We have been involved in large-scale rail transit projects in major Australian cities to offer a safe, comfortable and convenient travel experiences for passengers. In line with the needs of mining and freight enterprises, we have developed railway locomotives and heavy-load freight cars to support local industrial development. We have set up plants and R&D centers in Australia to carry out high-end technology transfer and cooperation, and serve the transformation and upgrading of local industries.

We are committed to building a win-win partnership in Australia. As an important member of the Australasian Railway Association, we have engaged in in-depth exchanges and cooperation with local industry partners and universities, actively participated in the AusRAIL Rail Conference & Exhibition and released *the Report on Rail Transit Industry Developments in Australia*. We have assisted Australian local suppliers to improve their technologies and services to achieve common growth. We assume the tax-paying responsibility in accordance with the local law, carrying out compliant operations and conducting regular anti-corruption supervisions.

We abide by the principle of safe production and environmental protection. We attach great importance to safety management and have formulated and promoted *the work safety system* in Australia to optimise occupational health management and take care of the health of every employee. We focus our R&D efforts on energy saving and consumption reduction and provide green and environmentally-friendly products for the Australian market as well as actively carry out green operations in the Country.

We work with Australian stakeholders to build harmonious and inclusive communities. We have been committed to promoting cultural mutual learning between China and Australia, organising various cultural exchanges. These include training sessions, photography exhibitions, photography competitions, and open days for our employees' family members to create a diverse and inclusive environment of growth for employees and establish friendly relations of sincerity and mutual trust with stakeholders. We engaged with local communities and created job opportunities, conducted charity sales of the rail transit photography competition and provided all the proceeds for Australian people affected by the bush fire as well as for the wildlife conservation.

This report is the second sustainability report in Australia issued by CRRC. It aims to communicate with stakeholders in a sincere and transparent manner and deliver CRRC's philosophy, practice and performance on social responsibility to our partners in Australia. We will continue to contribute our technology and wisdom to local economic and social development after 20 years of operation in Australia and work together with all stakeholders to create a better future.

A handwritten signature in black ink, appearing to be the Chinese characters '刘华龙' (Liu Hualong), written in a cursive style.

About CRRC

Since its founding nearly 140 years ago, CRRC committed to providing efficient system solutions for the sustainability of the global rail industry with safe, reliable, efficient, comfortable, and eco-friendly products and services. As of the end of 2019, CRRC had delivered its products and services to over 100 countries and regions, with 17 international R&D centers built worldwide and local manufacturing hubs in the United States, Australia, South Africa, Malaysia, India, and Turkey, etc. In 2020, CRRC ranks 361st on the Fortune Global 500 list.

Our Business

Advanced products and services

Having built world-leading technological platforms and manufacturing bases for rail transit equipment, CRRC provides a series of world-leading products, such as high-speed Electric Multiple Units (EMUs), high-power locomotives, wagons and urban rail transit vehicles, which can adapt to complex geographies, meeting diverse needs of the global market.

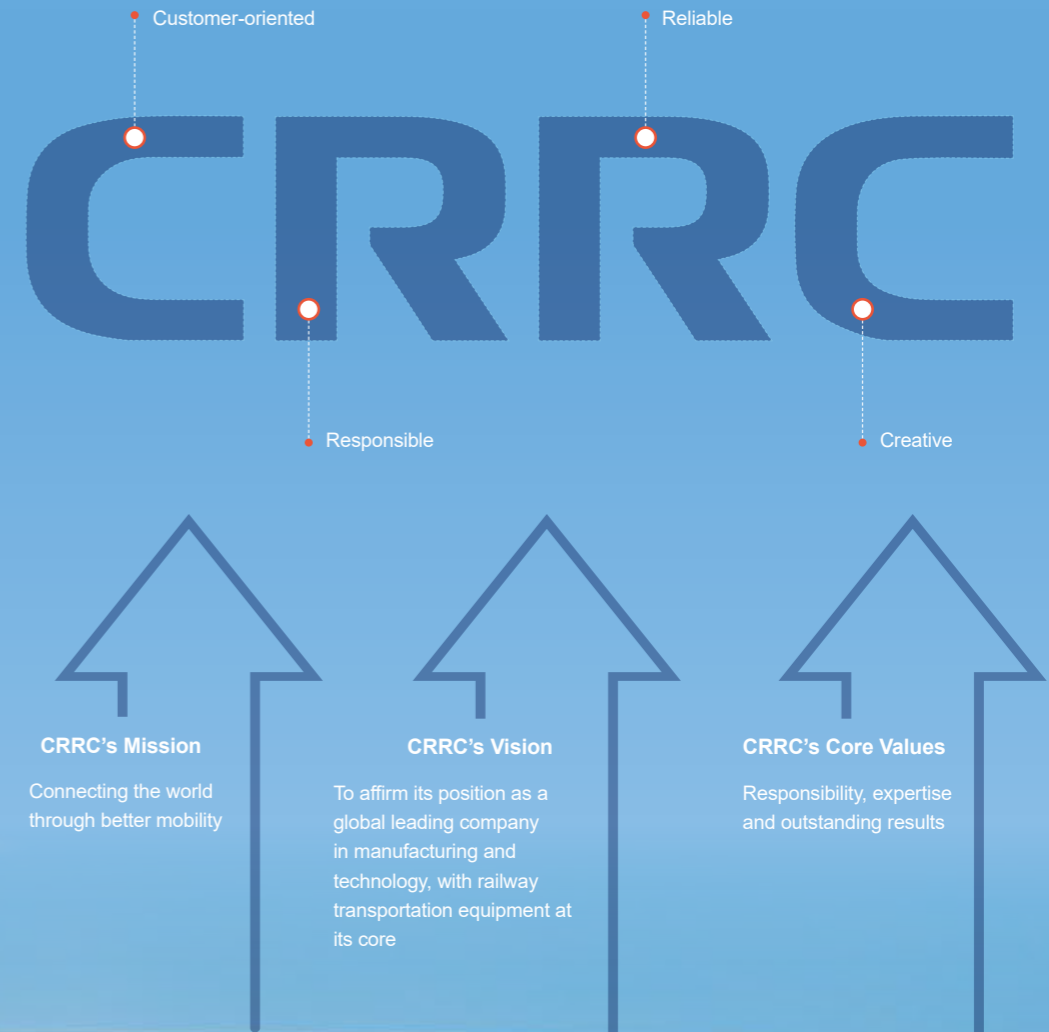
Professional products and services

To diversify our business, CRRC has added energy conservation, environmental protection, new energy, and new material to its business portfolio and building platforms for rail transport, industrial investment, quasi financial services, science park development, vocational education, and asset management.

Our Values

Under the mission of "connect the world through better mobility", CRRC remains inclusive and Since 2006, CRRC Changchun has worked as a key partner of Downer for mankind with its advanced transport equipment. We also spare no efforts to provide our customers around the globe with all the more cutting-edge technologies, higher-quality products, and better services. This is how CRRC develops itself into a respected multinational company that prioritises people's shared desire to have a better life.

CRRC strives to become "a full-value creator with high-end equipment as our core". The core value of our brand is also reflected in the Company's English name (CRRC):



Rooted in Australia

CRRC has been serving local customers and passengers in Australia for more than 20 years. We implement on local manufacturing, local procurement, local employment, local maintenance and repair as well as localised governance. We strive to be a cultural exchange promoter, a talent training provider, an industry development accelerator and a community citizen.

Australia is a country with abundant mineral resources development. The mining industry is an important part of Australia's national economy and railways are vital to the transportation of mining and agricultural products. We believe that developing rail sectors of the urban and intercity public transport system is a key plank in the solution to effectively reduce traffic congestion, improve transport efficiency and mitigate the environmental impact of traffic. The Australian Federal Government's Australian Infrastructure Plan 2015-2030 has a key focus on rail infrastructure development and provides for rapid development of the rail industry in Australia. CRRC provides advanced technical products and services and contributes our expertise to the local development of economy and society.

Delivering Products for Australia

CRRC Qiqihaer Railway Rolling Stock Co., Ltd.

(CRRC Qiqihaer)

Since 1999, CRRC Qiqihaer has provided spare parts for the Australian freight wagon market. Since 2012, CRRC Qiqihaer has provided world-leading freight wagons such as ore wagons and coal hopper wagons for BHP Billiton, Rio Tinto, FMG and other customers. We have been awarded the best global supplier of Rio Tinto and a strategic partner of BHP Billiton.

CRRC Ziyang Co., Ltd.

(CRRC Ziyang)

CRRC Ziyang provides the SDA1 locomotive for Queensland Rail. With high traction performance, we have created the innovative of "devil's corner" test. CRRC Ziyang has delivered 18 diesel locomotives for Queensland Rail.

CRRC Changchun Railway Vehicles Co., Ltd.

(CRRC Changchun)

Since 2006, CRRC Changchun has been a key partner of Downer for, a special purpose vehicle established exclusively to deliver the Private Public Partnership with Sydney Trains to finance, manufacture and maintain 626 suburban passenger train carriages (known as the Waratah Train) for Sydney's rail network. This project is supported by a team of the rail industry's foremost engineering and services organisations including Downer EDI Limited as contractor and CRRC as manufacturer. In 2012, the Sydney Waratah fleet won the "Best Manufacturing Process Award" in Australia. In 2016 and 2019, Transport for NSW (TfNSW) placed orders with Downer, with CRRC as Downer's manufacturing partner, and since 2006, CRRC Changchun has manufactured more than 800 passenger train carriages.

CRRC Yangtze Co., Ltd.

(CRRC Yangtze)

CRRC Yangtze Ltd. provides freight trains for Pacific National Pty Ltd (PN), an Australian rail freight company. The coal transport fleet is currently the largest load, longest train formation and largest tractive tonnage in Australia. By the end of 2018, CRRC Yangtze had delivered nearly 9,000 freight wagons of various types to Australia. CRRC Yangtze also provides a variety of metro engineering vehicles for Sydney Metro Project, Australia's biggest public transport project.

CRRC Qishuyan Co., Ltd.

(CRRC Qishuyan)

CRRC Qishuyan works with PN to launch the world's most powerful narrow-gauge diesel locomotive for Australia.

CRRC Meishan Co., Ltd.

(CRRC Meishan)

CRRC Meishan provides more than 500 freight wagons including the new multi-purpose covered wagon that adopts a lightweight structure, and improves capacity utilisation and door locking reliability. We have applied and obtained 5 patents.

By the end of 2020

954

CRRC is delivering 954 passenger train carriages



The coal hopper exported to GWA Group in Australia by CRRC Qiqihar

Delkor Rail Pty Ltd

(Delkor)

Delkor was founded in 1983, about 22 kilometres west of the Sydney CBD. Since 2002, it has worked closely with CRRC Zhuzhou Times New Material Technology Co., Ltd. (TMT) and became a subsidiary of TMT in 2011, and has subsequently started a global market service. Delkor has provided accumulated 1.8 million track shock absorbers for global customers since its establishment.

CRRC Ziyang Australia Pty Ltd

CRRC Ziyang Australia Pty Ltd, located in Melbourne, was established by CRRC Ziyang in 2012. It is primarily responsible for the sale of locomotive parts and providing technical support services, to ensure that our "sales + service" model is implemented in Australia.

Pacific Railway Engineering Pty Ltd (PRE)

PRE was established in March 2015 as a joint venture between CRRC Qiqihaer and the Australian company, B&W Group (50% shares held by both parties respectively). It established maintenance workshops in Sydney and Newcastle to provide technical solutions and maintenance services for the Australian freight industry.

New Zealand CRRC Locomotive & Rolling Stock Co., Ltd.

Jointly established in 2016 by CRRC Dalian, CRRC Qiqihaer, and the New Zealand-based partner Pacific Power Development (NZ) Ltd., the company aims to carve out premium, high-performing locomotives, coupled with improved services and warranties, and deliver all of them to the country for its rail network development. This, in turn, will extend the local industrial chain and expand maintenance service.

CRRC Yangtze Australia Pty Ltd

CRRC Yangtze Australia Pty Ltd provides locomotive technical service, after-sales service, overhaul service, spare parts sales and other related products and services, as well as delivery of rolling stock.

CRRC Subsidiaries in Australia

CRRC Australia Pty Ltd

CRRC Australia Pty Ltd was founded in 2012 in the central business district of Parramatta, NSW. The company, on behalf of CRRC, formulates the overall development strategy and plan in Australia, coordinates and manages the business of CRRC and its subsidiaries in Australia, and assists with after sales services. The business in Australia is mainly trade and focuses on wagon business, including coal and iron ore transport vehicles.

CRRC Changchun Australia Rail Pty Limited

(CRRC Changchun Australia)

CRRC Changchun Australia was founded in October 2016 in Melbourne, Victoria and supports the design, manufacturing and delivery work of trains.

Melbourne Plant of Delkor Rail Pty Ltd

(CRRC Delkor plant in Melbourne)

In 2018, CRRC Delkor acquired a plant in Melbourne, formerly established in Australia by German company, BOGE Group. CRRC Delkor plant in Melbourne provides suspension shock absorber parts for automobile manufacturers and transformed into a manufacturer of rail transport supporting products starting from 2020.

CRRC Times Electric Australia Pty Ltd

(CTEA)





CTEA, a subsidiary of Zhuzhou CRRC Times Electric Co., Ltd., is located in Morwell area, the La Trobe Valley, Victoria, Australia. In June 2018, CTEA officially commenced production on the 4M3T metro traction systems.



A Chinese engineer dispatched to the Newport facility from CRRC Changchun Melbourne R&D Center

Stakeholder Engagement

To ascertain materiality, we engage with our stakeholders and incorporate their views and feedback into the sustainable development of CRRC's subsidiaries in Australia. We actively communicate with our stakeholders how we take these material topics as important indicators to evaluate our business performance and carry out sustainability management.

Stakeholder identification	Stakeholder expectations	Communication channels
 Customers	Provision of high-quality products which meet local needs, quick response services	Annual reports, official website, social responsibility reports, cooperative forums, communication activities, open days, meetings, media interviews, etc.
 Employees	Respect of the fundamental principles and rights at work, health and safety, integration of diverse cultures, provision of training	
 Partners	Local purchases, fair cooperation and opportunity	
 The Government	Creation of jobs, compliance management, tax payment, development of the rail industry	
 Media	Promotion of industrial development, local employment, corporate transparency	
 The Environment	Carbon emission, waste management	
 Communities	Community engagement, employment and skill development, promoting Aboriginal and Torres Strait Islander cultures	



Our clients and the locomotive exported to New Zealand

**Feature:
Joining Hands in
the Fight against
COVID-19**

**Protecting
Employees' Health
through Science-
based Prevention
and Control
Efforts**

People's life and work have been gravely challenged by a sudden outbreak of the COVID-19 pandemic in 2020. Therefore, CRRC has worked together with Australian customers to overcome the difficulties and develop closer business cooperation, which helps maintain Australian customers' business operations, lay the solid groundwork for building a community with a shared future for mankind.

At the beginning of 2020 when COVID-19 started raging across China, the life and work of the Chinese public were disrupted, CRRC's business operations in Australia were also seriously affected. Nonetheless, CRRC concerned and prioritized the safety and security of the staff, together with the subsidiaries, CRRC made concerted efforts to improve the health and safety emergency plan response mechanisms, made overall arrangements for pandemic prevention and control, and collected and allocated epidemic prevention supplies. All control efforts and precautions were put into place.

Since March 2020, when Australia adopted a "state closure" measure, CRRC had immediately taken action to ensure that all projects in Australia have been protected from the pandemic COVID-19. The CRRC headquarters had mobilised its tier one subsidiaries via the on-line information platform and regional coordination mechanism to provide the epidemic prevention materials for ensuring the overseas employees' health and safety, including the employees in Australia.

Contingency plan preparation

CRRC teams for overseas projects have been required to stay high alert to pandemic prevention and control and specify measures in response to emergencies of all kinds. Also, alternative contingency plans and response measures have been developed in a bid to timely address unexpected issues.

Regular remote video inspection

By inspecting its overseas projects through videos, CRRC's subsidiaries can offer instruction, training, and advice to their overseas projects once risks are identified. With regular inspection, pandemic prevention loopholes can be identified and weak links can be reinforced to make "daily prevention and control" become the norm.

Epidemic prevention and control for overseas employees at rotation

According to the special employee rotation program under COVID-19 control conditions, travel advices were given to inbound or outbound personnel, and employees to take the post overseas were required to be vaccinated and receive stepped-up training on virus prevention and control. This ensures the new shift can swiftly join CRRC's system for pandemic control without creating any loophole.

Relieve the mental pressure of the pandemic on employees

With concern and care from CRRC, its overseas staff remain positive despite a raging pandemic. CRRC held a virtual sports competition for overseas employees which demonstrated the company's efforts to ensure the "five stability"(namely the stability in terms of employees' morale, local epidemic situation, employees' health, employees' household necessities, and the business). All these are designed to minimise the impacts that COVID-19 has had on the employees.



Pandemic prevention and control overseas by CRRC



Case study

A virtual sports competition for CRRC's overseas staff

From May to August 2020, CRRC held a virtual sports competition specifically for its overseas employees. A total of 33 employees stationed in Australia participated through various online network communication methods. The sports were helpful for strengthening the health of employees and inspired them during the pandemic.

Bolstering Confidence in Orderly Resuming Work and Production

As a company that adheres to the business integrity and the spirit of contract, CRRC had carried out comprehensive epidemic prevention and control work, organised its export subsidiaries to Australia to resume production quickly for ensuring the products manufacturing of its export orders to Australia on time, helping its customers in Australia not to delay normal production due to the epidemic.

Increasing productivity and efficiency

The subsidiaries under CRRC stepped up measures for the epidemic prevention and control, including plant screening, staff temperature taking, workplace disinfecting and sterilising, partitioning control, and classified management. An approach to orderly management and control has enabled CRRC as a whole to offset the impact of the pandemic in China, resume production, and assure the timely delivery of products exported to Australia.

In implementing anti-pandemic actions, CRRC Qiqihaer got back on track on February 13, 2020, prioritising the schedule for product delivery to meet customers' requests in this respect. On March 9, the first 10 ore cars for BHP Billiton were loaded and shipped to Australia.

With production and operation hit hard by COVID-19, CRRC Yangtze delayed the production of complete vehicles for Australia, which had been scheduled for launch on February 6. The company, however, stayed in close touch with customers and made a practical production plan that adjusted the quality control approach and helped resume its production without being affected by the pandemic. Finally, the company delivered all the vehicles to the Australian customer 12 days in advance and received high commend from the customer.



CRRC Yangtze delivered narrow-gauge coal hopper wagons for VCD Group



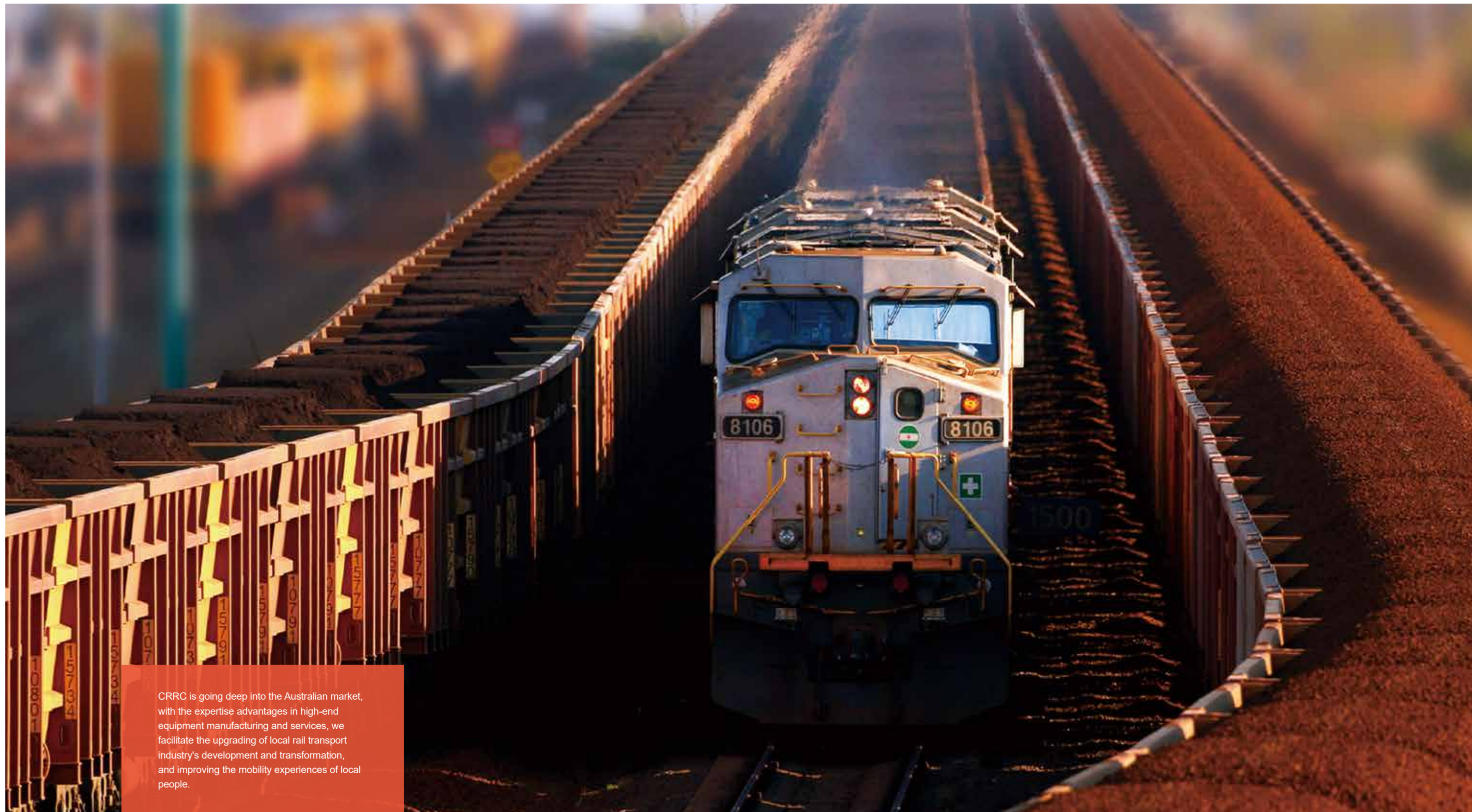
The staff of CRRC Australia R&D Centre

Communicating on "cloud" for growth together

The global rail industry chain has suffered a heavy blow as some nations have taken measures to curb the spread of COVID-19, such as lockdowns, shutdowns and logistics cutoffs. With quality products and sound after-sales services, CRRC, as one of the first companies out of the pandemic, has gained more opportunities to go global, and particularly to contribute to the growth of Australia's economy.

CRRC Meishan Co., Ltd. signed the contracts via an internet link with two Australian companies to sell them 146 40-foot container flat cars and another 400 flat cars of other sizes between March and May 2020. It was the largest single order from the country ever received by CRRC Meishan.

CRRC Zhuzhou Electric Locomotive Co., Ltd. resumed work and production on February 17, 2020. To ensure locomotives for Australia's SCT can be delivered as requested, the company worked with the customer on the delivery plan, with technicians on design, with the project department on the production circle. The company also kept in contact with the suppliers on the essential material supply. This way allowed the company to ensure the accuracy of information and data provided to the customer.



CRRC is going deep into the Australian market, with the expertise advantages in high-end equipment manufacturing and services, we facilitate the upgrading of local rail transport industry's development and transformation, and improving the mobility experiences of local people.

01 Unimpeded Transport Networks

Contribution to the Sustainable Development Goals (SDGs)



Serving the Development of Local Industry

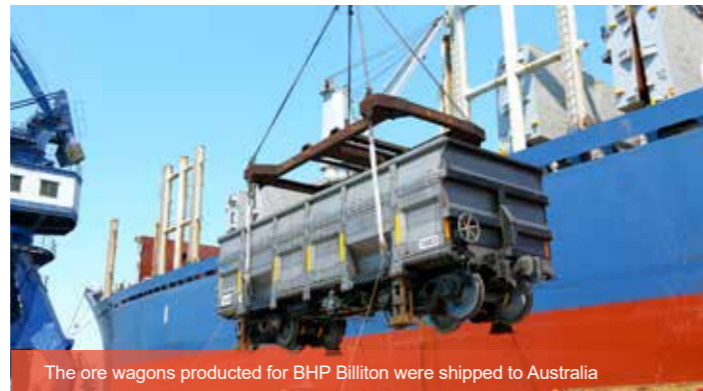
Railway heavy load technology embodies the advantages of modern railway with large volume and low cost, especially in long-distance bulk cargo transportation. By fully playing the role in heavy load transport, CRRC has developed a range of advanced locomotives and freight wagons as a way of catering to the needs of Australia's mining and freight enterprises. Also, the company has advanced the local industrial sector by assisting the construction of heavy-haul railways and mine railways.

Case study

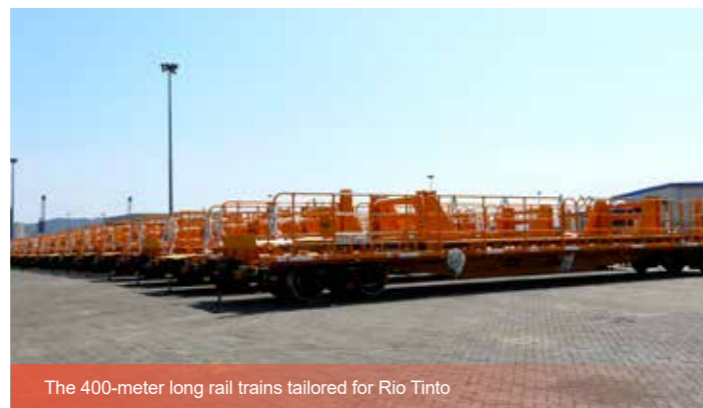
Delivering high-quality services as committed

As a long-term key partner of Australian mining companies, CRRC values customer needs for products. It is such a commitment that has motivated CRRC to forge a close partnership with BHP Billiton and Rio Tinto. When China was at a critical time to battle against COVID-19 in early 2020, CRRC Qiqihaer formulated scientific and reasonable infection prevention and control guidelines and a production plan just to ensure orderly progress toward the production of 278 ore wagons for BHP. In so doing, work regarding process plan, materials purchasing, equipment deployment, and personnel training was put into practice. By the end of April 2020, the production of the 278 ore wagons had been completed. CRRC Qiqihaer, ultimately, deserved personal thanks from BHP Billiton's chief commercial officer for honoring its commitment.

In April 2020, CRRC Qiqihaer, in collaboration with CRRC Shenyang, completed the production of the 400-meter long rail trains tailored for Rio Tinto's continuous welded rails. Capable of rail transporting, rail unloading and rail collection, the customized trains have a carrying capacity of 40 rails with a length of 400 meters and a specification of 68 kilograms per meter, dramatically increasing the efficiency of construction and operation workers. Upon delivery, the trains will be deployed to serve the construction of rails in Rio Tinto's new mining areas and facilitate the production of high-quality ores.



The ore wagons produced for BHP Billiton were shipped to Australia



The 400-meter long rail trains tailored for Rio Tinto



So far, CRRC Qiqihaer has supplied over 4,500 ore cars running on our rail system in the Pilbara region of Western Australia, and the support and technology provided by CRRC Qiqihaer via the design and supply has ensured that BHP Billiton and our products can continue to support the ongoing upgrade of the manufacturing industry within China. Our partnership continues to enjoy successful outcomes through our mutual trust and our shared interests.

Vandita Pant, Chief Commercial Office, BHP Billiton

Case study

Boosting rail freight capacity

To enhance the bulk cargo transport capacity of local railroads, CRRC has brought into play its expertise in rail freight wagons and equipment, manufactured advanced freight wagons to cater to the needs of moving coal, steel and grain. In 2020, CRRC Qiqihaer delivered 134 coal hopper wagons to GWA Group in Australia. Customized for narrow-gauge railways for coal transportation in Queensland, Australia, the freight wagon represents an upgraded version with a satisfied weight requested by a longer train marshalling, generating increased economic and social benefits as it enjoys a boost in fatigue strength, reliability, and unloading efficiency.

In January 2019, CRRC Shenyang received an order from TasRail for seven meter-gauge cement hopper wagons. In September 2019, CRRC Yangtze delivered 36 triple joint bogie flat wagons to Australia ahead of the deadline, and narrow-gauge coal hopper wagons for VCD Group, an Australian company, were mass-produced.



The coal hopper wagons delivered to GWA Group by CRRC Qiqihaer were shipped

Improving Mobility Experience

CRRC has participated in a critical rail project in New South Wales: the Sydney Waratah Trains. The project has been delivered to support the growing travel population in an urban environment. The project provides quality products allowing passengers to have comfortable, reliable and safe transport solutions.

Facilitating public transportation in Sydney



Case study

In September 2020, the first of the 17 new Waratah Series 2 trains came into passenger service.

The initial 24 Series 2 trains were delivered in record time and the first train of the latest tranche of 17 Waratah Series 2 trains has been delivered within an exceptional 18 months from receiving the order which is a great achievement for CRRC and our partner Downer.

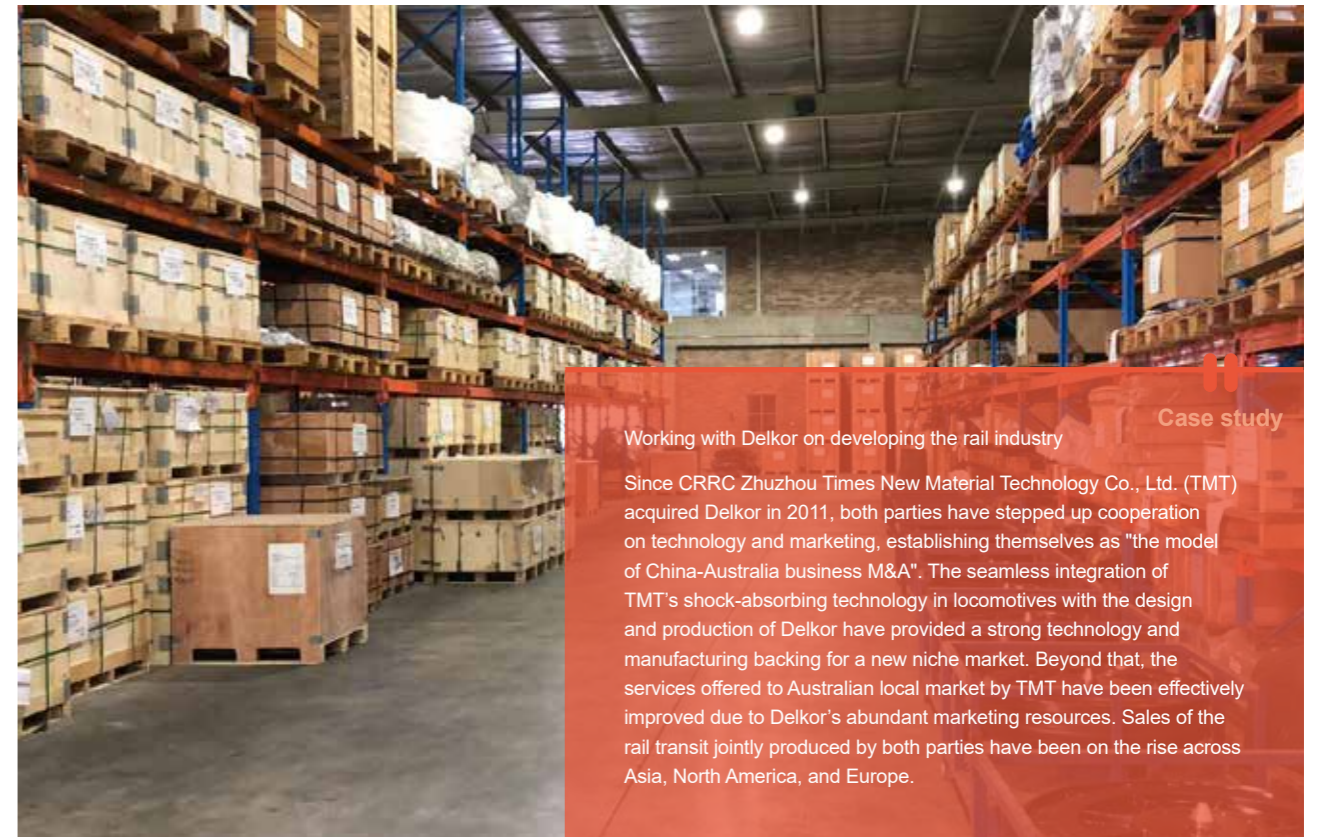
The Waratah fleet is the pride of Sydney's metropolitan network, delivering exceptional reliability, availability, safety and comfort. The trains are needed to support patronage demands across the network and to provide customers with comfortable and reliable commuter services.



The Series 2 Waratah Trains for Sydney

Serving Transformation and Upgrading of Local Industries

The growth of the rail industry has always been driven by technological innovation and improvement of equipment manufacturing process. Establishing plants and R&D centres in Australia has empowered CRRC to strengthen cutting-edge technology transfer and cooperation, advance the development of the rail manufacturing sector, and transform and upgrade local industries.



Working with Delkor on developing the rail industry

Case study

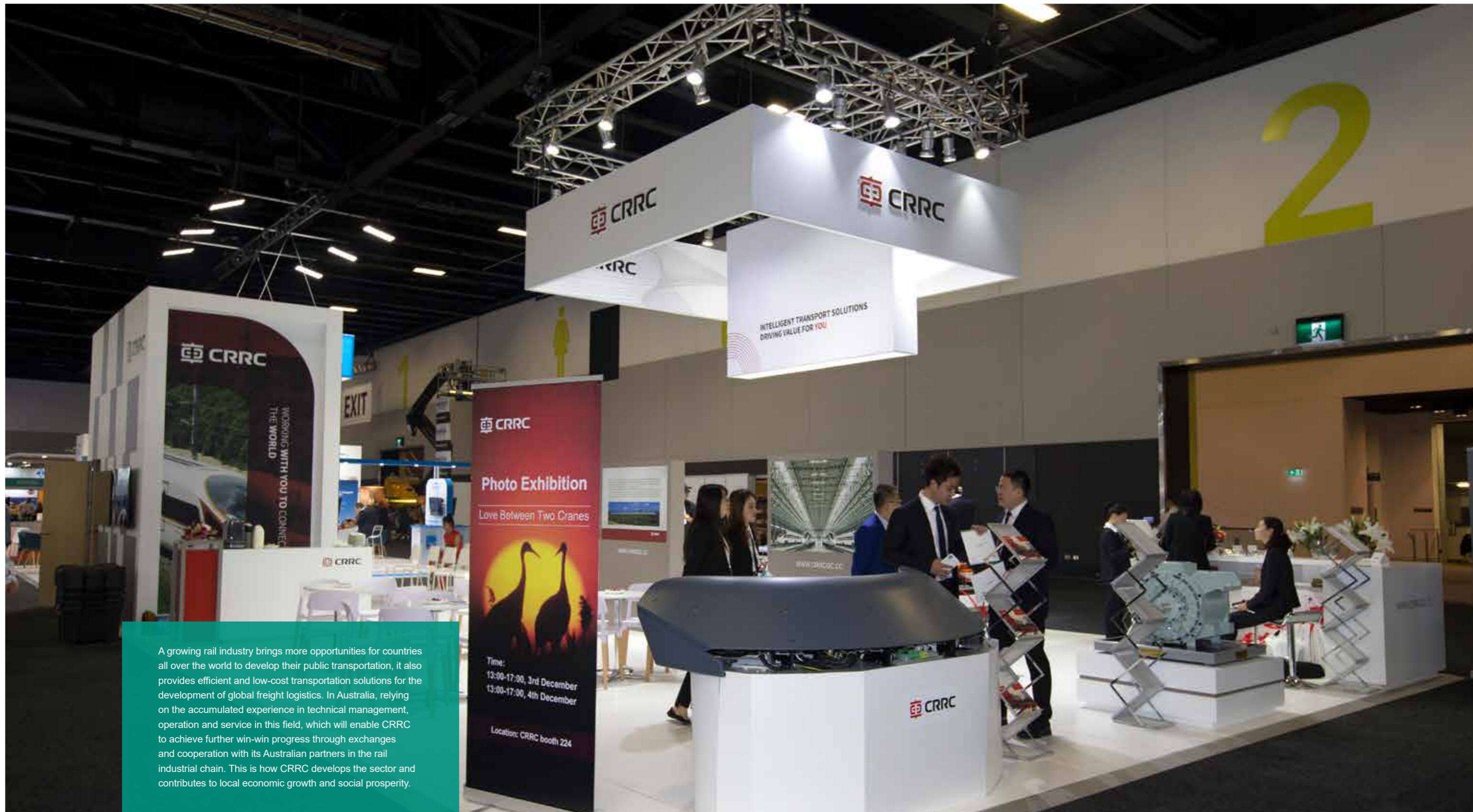
Since CRRC Zhuzhou Times New Material Technology Co., Ltd. (TMT) acquired Delkor in 2011, both parties have stepped up cooperation on technology and marketing, establishing themselves as "the model of China-Australia business M&A". The seamless integration of TMT's shock-absorbing technology in locomotives with the design and production of Delkor have provided a strong technology and manufacturing backing for a new niche market. Beyond that, the services offered to Australian local market by TMT have been effectively improved due to Delkor's abundant marketing resources. Sales of the rail transit jointly produced by both parties have been on the rise across Asia, North America, and Europe.

Revitalizing the CRRC Delkor plant in Melbourne



Case study

The CRRC Delkor plant in Melbourne, originally producing auto parts, has seen a decrease in sales from year to year as local automakers relocated their plants elsewhere. Therefore, TMT helped the plant to integrated its resources and introduced a new project on rail transit product accessories, in a bid to lead the crossover innovation with high-end technologies for rail products. At the same time, TMT sent professionals to the plant for guidance and whole-process supervision. Now, the Melbourne plant has embarked on a path of diverse development, it is transforming from an auto part maker into a manufacturer of supporting industrial chain of rail transit. The trend of its sales decline was stopped and its sales is recovering.



A growing rail industry brings more opportunities for countries all over the world to develop their public transportation, it also provides efficient and low-cost transportation solutions for the development of global freight logistics. In Australia, relying on the accumulated experience in technical management, operation and service in this field, which will enable CRRC to achieve further win-win progress through exchanges and cooperation with its Australian partners in the rail industrial chain. This is how CRRC develops the sector and contributes to local economic growth and social prosperity.

02 All-Win Partnerships

Contribution to the Sustainable Development Goals (SDGs)



Strengthening Exchanges with the Industry Community

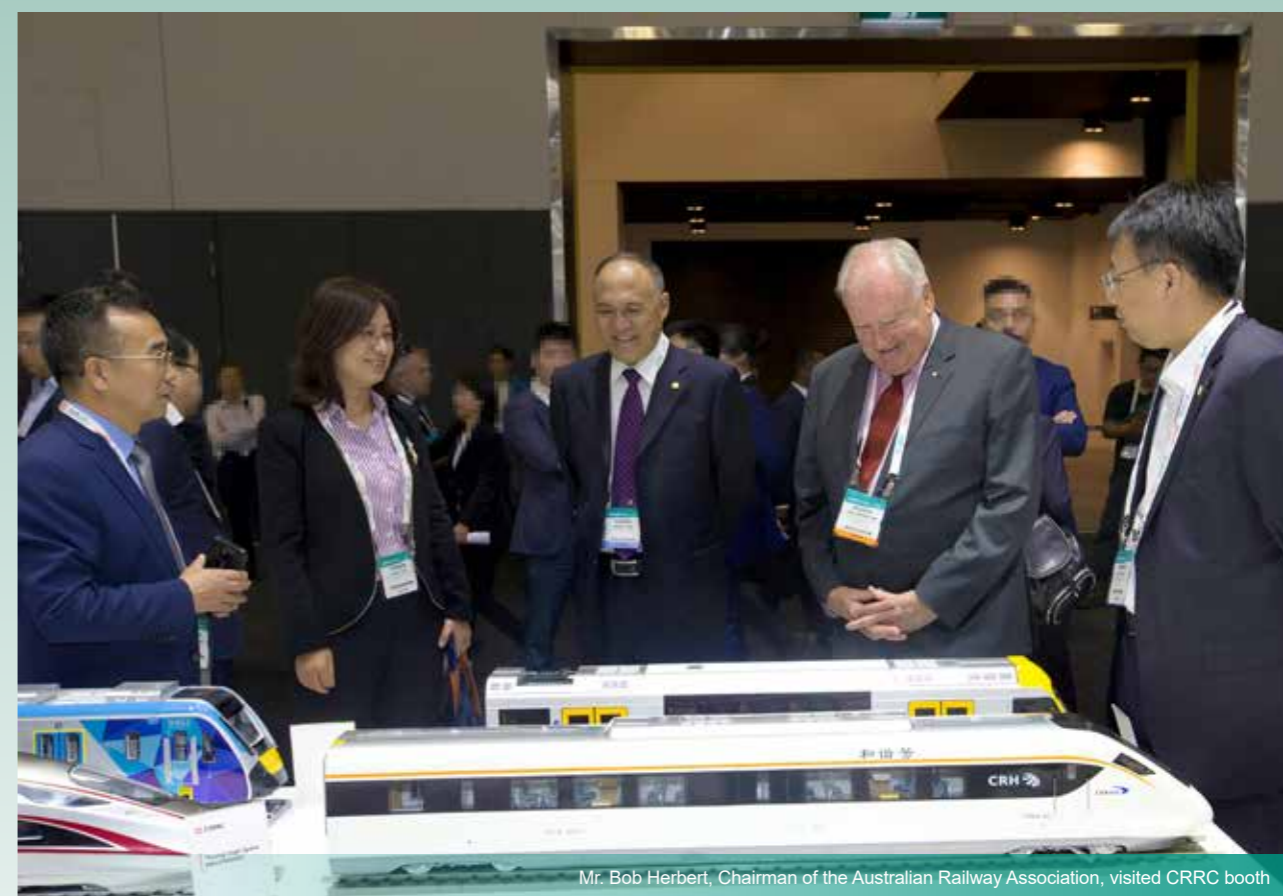


CRRC, as a member of the Australasian Railway Association, stays committed to advancing Australia's rail sector and addressing industry challenges therefrom through technology and product innovation, efficiency improvement, and service upgrading.

At the 2019 AusRAIL PLUS in Sydney, CRRC, together with its 11 subsidiaries, exhibited their rail transit products, ranging from high-speed trains, locomotives to freight wagons. The rail transit projects in Australia, such as the double-deck EMUs trains of Sydney, together with various diesel locomotives, rail wagons, and the power generators and driver consoles, were also on display. To further meet the needs of Australian customers, CRRC had held a product launch themed "Moving Future".



Address by Gao Kang, Director of Corporate Culture Department of CRRC, press spokesman of CRRC



Mr. Bob Herbert, Chairman of the Australian Railway Association, visited CRRC booth



As a high-end transport equipment system solution supplier, CRRC remains committed to open, coordinated and locally developed innovation. For a long time, CRRC has been offered a diversity of products for Australian users and the public in line with the purpose of 'integration and service', serving the upgrading of rail transit in Australia.

Gao Kang, Director of Corporate Culture Department of CRRC, press spokesman of CRRC



The investment in rolling stock and infrastructure from Australian federal and state governments both, are at unprecedented levels, this creating huge opportunities for rail companies, especially leading suppliers such as CRRC.

Bob Herbert, Chairman of the Australian Railway Association

Case study

Unveiling the next-generation driverless subway train
at AusRAIL PLUS 2019

At AusRAIL PLUS 2019, CRRC debuted the GoA4 metro train, a new-generation driverless vehicle that has grabbed widespread attention from the industry for its environmentally-friendly features and an immersive experience for passengers. The unmanned train, as the world's first subway vehicle made from carbon fiber composite materials, is the lightest of its kind in the globe, and the cutting-edge system enables the minimum time gap between two scheduled trains to reduce to 85 seconds, ensuring sufficient transport capacity during rush hour. Moreover, designed to be comfortable and convenient for all, the new train is wheelchair-accessible to disabled people and equipped with aid services for passengers with hearing difficulties.



Case study

Research on industrial development with the University of Queensland

On December 3 2019, CRRC jointly released the report titled the *Rail Transit Industry Developments in Australia*, and held a press conference of "the Next Generation Metro Train" to introduce the concept based on the report with the University of Queensland. The former research was conducted by the University of Queensland with the support of CRRC. Upon analysing Australia's rail equipment market and taking into consideration market needs and other dynamic factors, the report projected the developing trend of the market for the next 5 to 10 years, focusing on the major cities, including Sydney, Melbourne, Brisbane, Perth, Adelaide, and Canberra. It provides guidance for future rail equipment companies to participate in construction projects in Australia and promote the development of the local rail industry.



Joer Branigan, professor of the University of Queensland, is sharing his perspective on the trends of rail transit market in Australia in the next decade

Advancing Partnerships

The sudden outbreak of COVID-19 in 2020 has posed unprecedented challenges to global supply chains and added more uncertainties to the business operation of Australia's mining companies. Enterprises under CRRC have carried out every possible measure to offset the impacts of the pandemic and ensure the timely delivery of exports to the country, a move that facilitates the orderly production of mining companies in Australia. These efforts have been acknowledged by BHP Billiton and CRRC's other strategic partners in Australia, and helped consolidate long-term strategic partnership with CRRC's key customers in the country.



Here, I personally and on behalf of BHP sincerely express our appreciation to CRRC Qiqihaer of its efficient mobilization of local authorities and supply chain to achieve delivery of first 10 of 278 Ore Car to BHP WAIO in the shadow of virus recently, which demonstrate CRRC Qiqihaer's capability and flexibility to cope with the challenge, the commitment to customers, and the teamwork, efficiency and talent of people.

Vandita Pant, Chief Commercial Office, BHP Billiton

Joint response to the challenges with strategic partner Case study

After the resumption of work and production, CRRC Qiqihaer prioritized the production of BHP Billiton's order given its long-term stable partnership with the Australian company. Ms. Vandita Pant, BHP Billiton's Chief Commercial Officer, sent a *Letter of Appreciation* to Mr. Liu Hualong, Chairman of CRRC on March 16, 2020, expressing her gratitude for CRRC Qiqihaer's prompt resumption of work and production and delivery of products following the outbreak of COVID-19.



CRRC will work along with BHP Billiton to further improve the cooperative partnership on a global scale, trust each other, benefit each other, grow together and create a better future. Especially when facing the worldwide challenges of the coronavirus, I hope we can strengthen cooperation and overcome the difficulties together.

Liu Hualong, Chairman of CRRC



Case study

17 years of service for BHP Billiton

CRRC Yangtze has been highly commended by BHP Billiton and the Australian market since it started cooperation with BHP Billiton in 2003. CRRC Yangtze has developed the world's first 40-ton axle load open-top ore car for BHP Billiton, and refreshed the record with the 42-ton of this kind in 2014. The efforts have increased BHP Billiton's efficiency in transporting the ore as a mining corporation experienced in operating trains with the world's largest axle load. Today, CRRC Yangtze has become BHP Billiton's most reliable and most important provider of trains. By April 2020, CRRC Yangtze had exported nearly 3,000 vehicles of eight models to BHP Billiton including open-top ore cars, flat cars, tank cars, and slag hopper cars, etc.



Case study

China-Australia consortium producing fruitful results

Since 2006, the partnership between CRRC Changchun and Downer Group, a 150-year-old Australian provider of rail transit solutions, has been deepened. The winning bid for the Waratah Train Project for Sydney has brought the cooperation to a new high.



Supply Chain Management

For equipment manufacturers, supply chain management is key to sustaining the production of quality products. With the furthering of the partnership with Australia's counterparts in the field of rail transit, CRRC has bolstered support for local suppliers and ensured their sustainability by improving their technologies and services.

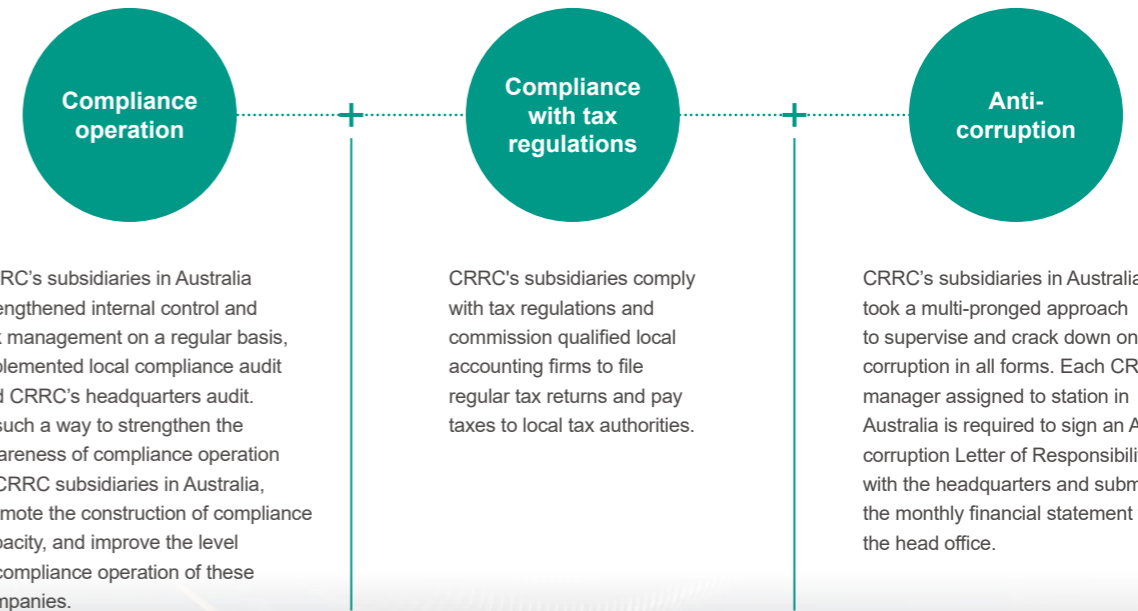
CRRC and its subsidiaries are in a business relationship with multiple Australian suppliers, which offer both rail transit equipment spare parts and services like logistics and grease treatment. On top of that, CRRC has put in place a relatively sound supply chain management system in Australia, in which the procurement system covers the purchasing process, suppliers, distribution channel procurement, price, contract, payment, inventory control and other key links.

- CRRC Changchun Australia refers to the suppliers listed in the parent company CRRC's directory as qualified suppliers. Meanwhile, the Department in charge of quality evaluates the ability of local suppliers in accordance with the *SOP041 Qualification Evaluation Criteria for Suppliers*, and those meet the requirements are listed in the subsidiary's supplier directory.
- CRRC Changchun carried out in-depth cooperation with local suppliers to meet contractual local content requirements, exported advanced manufacturing technology of components, trained local technical talents for Australian suppliers and helped local suppliers grow.
- CRRC Delkor plant in Melbourne has established a mature supply chain in Australia's automobile industry with a high rate of localized procurement.
- For the maintenance of rolling stock, PRE purchased components and services in Australia, with a localization rate greater than 50% such as wheels, bearings, air brake seals (rubber pad), external tech support, transportation, logistics, and grease treatment.



Integrity and Compliance Operation

CRRC has attached great importance to compliance and integrity operation during its business development and operation in Australia, complied with international common practices and local laws and regulations in Australia to strictly control the compliance risks.



Compliance operation

CRRC's subsidiaries in Australia strengthened internal control and risk management on a regular basis, implemented local compliance audit and CRRC's headquarters audit. In such a way to strengthen the awareness of compliance operation of CRRC subsidiaries in Australia, promote the construction of compliance capacity, and improve the level of compliance operation of these companies.

Compliance with tax regulations

CRRC's subsidiaries comply with tax regulations and commission qualified local accounting firms to file regular tax returns and pay taxes to local tax authorities.

Anti-corruption

CRRC's subsidiaries in Australia took a multi-pronged approach to supervise and crack down on corruption in all forms. Each CRRC manager assigned to station in Australia is required to sign an Anti-corruption Letter of Responsibility with the headquarters and submit the monthly financial statement to the head office.





As always, CRRC are committed to providing environmentally friendly solutions to our customers, making best practices, reducing energy consumption and greenhouse gas emissions from operation activities and continuously fostering a robust environmental management system and the resource utilization efficiency plan, so as to make contribution to the conservation of the natural environment.

03 Safe and Green Environment

Contribution to the Sustainable Development Goals (SDGs)



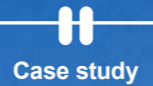
Safety Production

CRRC attach importance to safety management. All front-line production workers are required to properly wear protective equipment and qualified work attire. In view of the business features in Australia, we promoted *the work safety system*, and took measures to ensure the implementation of the rules in the daily operation and management, to ensure the production safety of all employees.

Achieving the goal of work safety system requires sustained efforts of all employees, strong leadership and responsibility. To enhance safety awareness amongst employees, we post the safety management rules and regulations in the workplace, and establish a feedback mechanism. Employees are required to report all safety incidents in a timely fashion.



First aid kit in CTEA



Effective communication on work safety

PRE recognises the importance to safety at work. The company holds daily group meetings to focus on safety issues and new initiatives. This is also evidenced by ensuring safety is discussed at management level meetings. Meanwhile, the company has established a sound safety management system that is overseen by a full-time Safety Manager, who is responsible for safety and compliance management, work safety, communication with review agencies, and the establishment of maintenance rules.

Occupational Health

We pay particular attention to the occupational health of employees at our production and commissioning sites. CRRC's subsidiaries in Australia strictly abide by local laws and regulations on occupational health, constantly improve occupational health management, and purchase occupational health insurance for the employees to ensure their physical health.

We have strict labor protection requirements and measures to create a safe and comfortable working environment for each employee. All hazardous chemicals in our plants have a Material Safety Data Sheet (MSDS), which records in detail the hazard level of the chemicals, their potential damage to humans, as well as storage measures and conditions, etc. In the production process, we require all employees that deal with hazardous chemicals to take strict protective measures. All production facilities are monitored on-site by safety inspection agencies to ensure that they are in line with the standards.



TEC Australia is awarded with ISO 45001:2018 Occupational Health and Safety Management System Certification



The tank car exported to Rio Tinto by CRRC Yangtze

Eco-friendly Products

As the Australian government increasingly focusing on climate change and curbing greenhouse gas emissions, corporate participation in climate governance has become a trend. CRRC keeps developing energy-saving and consumption reduction products, providing eco-friendly products for the Australian market, in order to contribute to the realization of *the Paris Agreement's* goal on global temperature control of 2°C.

Case study

The SDA1 locomotive exported to Australia honored the "CIIF Energy Efficiency Design Award"

At the 22nd China International Industry Fair (CIIF), CRRC Ziyang stood out from over 2,000 enterprises participated the competition, and won the most recognized "CIIF Energy Efficiency Design Award" with its SDA1 high-power AC drive diesel locomotive exported to Australia. The overall technical performance of SDA1 locomotive has reached the international advanced level among similar products. It featured high GHG emission standard, low fuel consumption. The traffic noise is low, which is less than 75 dB inside the locomotive and less than 87 dB outside the locomotive.

In 2016, the SDA1 locomotive successfully passed through COWAN test line assessment in Australia, which is known as "devil's corner". CRRC Ziyang thus received high recognition from Australian customers, who called the locomotive as "King of Mountains". By the end of 2020, the 18 locomotives delivered by CRRC Ziyang to Australia have performed well on the whole, among which the 6 locomotives delivered in the first batch in 2012 had a single vehicle mileage of nearly one million kilometers.

CRRC Ziyang's locomotive is the vehicle that can best meet the Australian rail industry standards in the world. It is also the locomotive that meets the highest emission standards in Australia. Besides, it is the locomotive with the highest power under such axle-load class and the vehicle with the maximum structural strength worldwide.

Paul Hewitson, Engineer of SCT Australia



CRRC Ziyang provided the SDA1 locomotive

Green Operation

CRRC has formulated a series of environmental standards and norms to ensure the environmental protection of products and in production and operations. CRRC's subsidiaries' plants in Australia have established the environmental management framework and 10 environmental protection principles to deliver on our environmental commitments.

CTEA Morwell plant is located in the town of Morwell in the southeast of Victoria state, about 150 kilometers away from Melbourne. Since the launch of the plant project, the plant has attached highly importance on energy conservation and environmental protection, adhered to green operation and strictly controlled the negative impact of the plant construction, production and operation on the environment.



The plant adopts safe and environmentally friendly steel frame structure, with rectangular glass skylights on the roof and both sides, plus high luminous efficiency light source and high-efficiency lamps. The roof of the plant is insulated keep the room cool in the absence of air conditioning which could reduce the use of air conditioning.



In terms of fitout and layout, the plant has considered production process and material transportation and the route has been designed to reduce the round-trip transport of materials to reduce carbon emissions. The plant is also equipped with energy saving and environmental protection ventilation and dust removal equipment.



The production water is mainly used for the rain test of vehicles, during which the plant uses pools and pumps to recycle tap water for reducing water waste. Domestic waste is discharged into the municipal sewage system via underground pipelines. Direct discharge of rivers near the plant is prohibited.



Waste oil recovery of PRE



PRE's oil-water separator air brake maintenance workshop



CTEA Morwell plant leverages natural light through glass skylights



In pursuing its growth, CRRC also focused on giving back to the local community, speeding up local employment, cultivating a dynamic specialized team, and participating in cultural exchanges and community building, in a bid to create a harmonious, inclusive community for locals.

04 Harmonious and Inclusive Community

Contribution to the Sustainable Development Goals (SDGs)



Facilitating Local Employment

CRRC has been working with our Australian partners to create long-lasting employment opportunities for local communities. A variety of internships offered by CRRC Australia R&D Centre have benefited students from universities and colleges, such as the University of Melbourne, and adults at community colleges, granted them the qualification certificate, and enhance their competitiveness in the job market.

CRRC strictly observed Australia's federal, state and regional laws and regulations on the protection of employee rights, and attached importance to the protection of them.

We evaluate the work experience, skills and techniques of employees in different positions and offer our employees training programs to match their job requirements. Through on boarding training, luncheon meeting, special training, of Chinese expert guidance, and further studying in China and other ways, CRRC has been dedicated to providing our employees a wide array of opportunities for their career development and cultivating a dynamic team.

- ▶ CRRC's Delkor plant in Melbourne has developed a complete employee skills matrix and associated training program. The skills matrix clearly indicates the training and expertise required by each employee, giving employees a better understanding of the challenges ahead and setting up platforms for their career development.
- ▶ CRRC Changchun Australia provides training programs on leadership, project management, quality management and lean production for employees by means of voluntary registration.



A training session given by a Chinese expert to CRRC's Australian employees

Promoting Mutual Learning Among Different Cultures

CRRC has actively carried out cross-cultural communication and exchanges in Australia. Through the "Red-crowned Crane" themed photography exhibition, Australian Railroad Photo Competition, family members' Open Day and other activities, we have conveyed a gentle and friendly corporate image, promoted mutual learning between Chinese and Australian cultures, and built a friendly relationship of sincere and mutual trust between the two peoples.

In view of the brand positioning of "professional, open and willing to share Chinese rail transit engineer", CRRC has created four social media accounts with different focuses, including Facebook, Twitter, YouTube, and Instagram. In addition, CRRC released regularly the latest information of the company in English through our official English website, promoted partnership with Rail Express, a noted brand in the rail industry in Australia, as well as the local media in the local communities where CRRC's subsidiaries' reached.

We value a work-life balance of our employees. To this end, we regularly conducted such activities as the welcome party for new hires, wine party, sports meet, and Christmas party, in a bid to enrich employees' spare time, strengthen their mutual understanding, and enhance their sense of fulfilment and belonging. In 2020, CRRC organized employees from our subsidiaries in Australia to hold the first sports meet in Oceania region to help them get physical exercise and relax after work.

"Red-crowned Crane in the Eyes of CRRC Employees" thematic photography exhibition

In November 2019, a photo exhibition themed "Red-crowned Crane in the Eyes of CRRC Employees" caused a sensation at the Third Australia Chinese Cultural Festival. The event saw the release of the *Love Story of the Cranes* photo collection by Wang Keju, a then CRRC employee and current international crane expert. The collection tells a seven-year love story of a pair of red-crowned cranes, which vividly presents the beauty and mystery of the red-crowned cranes and their habitats. This event perfectly accords with the local values of wildlife protection, demonstrating CRRC community's attitude of loving nature, respecting life and living attentively, which was well received by the local public.



Case study

Case study

The Australian railroad photo competition

To celebrate the 20th anniversary of China-Australia cooperation on rail transit, CRRC held the Australian railroad photo competition with the theme of "Moving Moments", nearly 400 photos were collected in the competition, 70% of which were submitted by the Australian public. The official website of the event attracted more than 40,000 viewers, and the award-winning excellent works were finally unveiled in the City Hall of Melbourne. As a result of the quality of the submissions, the NSW Transport Heritage Association has collected and exhibited the first 50 classics.

This event not only gave the local people the opportunity to participate in the art exhibition, but also showcased the development status of the rail industry in Australia. This event, without a doubt, was conducive to enhancing the mutual understanding between the Chinese and Australian people.



The photo competition is really a stunning visual feast! It rediscover the breathtaking beauty of Australia's rail transit for all to see, every photo received was an impressive moment.

Shane Hulbert, Chairman of the photo competition's jury, Associate Dean, and Professor of Photography at the School of Art at RMIT University

Exhibition of Australian Railroad Photo Competition

Digital Exhibition Time:
2019.12.4-5 10:30-11:00 a.m. 12.5 1:30-2:00 p.m. 3:00-3:30 p.m.

Family members' Open Day 2019.12



The Open Day for the families of employees at Morwell plant

In December 2019, the CTEA's Morwell plant held the Open Day for the families of employees. The employees' family members visited the facility and felt the daily working environment of their loved ones and CRRC's corporate culture. Meanwhile, the plant held a book-donation ceremony for the "My Beloved Home in Australia" and presented small Christmas gifts with traditional Chinese characteristics to employees and their families. We shared traditional Chinese and Australian culture and cuisine with each other, which further enhanced the mutual understanding between Chinese and Australian employees.



Extended Information

The "My Beloved Home in Australia", a staff room of CTEA, is designed to provide Chinese and Australian cultural books and English learning materials for employees, so that employees from different cultural backgrounds in the East and the West can learn from each other and help achieve cultural integration.



Participating in Community Building

CRRC has actively engaged in community building, gave full play to our expertise advantages to help the community solve practical problems and facilitate the development of the community.

- ▶ When a drought hit Australia in 2019, CRRC discussed with local grain transportation companies how to repair the idle water trucks and found the ways to put them into public service, helping address the shortage of water supply in communities.
- ▶ CTEA has carefully selected a batch of books on Chinese history and culture and donated them to the Melbourne City Library to let more locals to have a better understanding of Chinese culture.



Case study

Contributing to the fire rescue in Sydney

During the Australian Railroad Photo Competition held by CRRC, a forest fire broke out in Sydney. With the consent of the participants, we organized charity bazaars from some of the works, and all the money was used to donate to the people and wildlife affected by the fire. This act of charity has been highly recognized by the Australian government and the public.



Outlook for 2021

CRRC will adhere to the concept of "extensive consultation, joint contribution, shared benefits and win-win results" and "building a community with a shared future for mankind", proactively practice our social responsibilities, create more value for all stakeholders, and strive to become an international company respected by all.

We will further exploit our expertise in rail transit, support local industrial development, and provide safer, more comfortable and faster ride experience for the public relying on our rich product systems and quality services; we will spare no efforts to speed up industrial transformation and upgrading and give the impetus for the prosperity and development of Australia.

We will remain committed to integrity and compliance management, with an open mind, deepen industrial exchanges and cooperation, work with local suppliers and enterprises to grow together, accelerate technology transfer of rail transit industry chain, and build a broader community of interests.

We will cherish the local ecological environment as always, create green products with high standards, implement green operation, minimize the negative impact of rail transit construction and operation on the environment, and facilitate the harmonious coexistence of man and nature.

We will continue to build harmonious and inclusive communities, create more jobs for the local, and speed up the training of local industrial workers, technicians and managerial personnel; we will strengthen the communication with and engagement in communities, make sustainable contribution to the building and development of them, serving as a "translator" of culture, an "incubator" of professionals, and a "good neighbor" of the community.



Connecting the world
through better mobility

CRRC Corporation Limited

Address: No.16-5 Mid-road, West 4th Ring Road, Haidian District, Beijing, China

Tel: 86-10-51862188

Fax: 86-10-63984785