



On January 1, 2012, the California Transparency in Supply Chains Act of 2010 (SB 657) ("CTSCA") went into effect. It is R&M Materials Handling, Inc.'s ("R&M") understanding that this law seeks to increase the quantity of information made available by manufacturers and retailers regarding their efforts, if any, to address the issues of slavery and human trafficking. In particular, the law requires certain companies doing business in California to make available information regarding their efforts, if any, to eradicate slavery and human trafficking from their direct supply chains for tangible goods offered for sale. In theory, this allows customers to make better, more informed choices regarding the products they buy and the companies they choose to support.

The CTSCA requires that companies who are subject to its disclosure requirements to disclose the extent, if any, to which the company does all of the following:

- 1) Engages in internal verification of product supply chains to evaluate and address risks of human trafficking and slavery (and must specify that this verification was not conducted by a third party);
- 2) Conducts audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains (and specify if the verification was not an independent, unannounced audit);
- 3) Requires direct suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking in the country or countries in which they are doing business;
- 4) Maintains internal accountability standards and procedures for employees or contractors failing to meet its standards; and
- 5) Provides training programs to employees and management on human trafficking and slavery, and mitigating risks within supply chains of products.

R&M's Code of Conduct (the "Code of Conduct"), Supplier Code of Conduct (the "Supplier Code") and internal Global Supplier Manual includes provisions that address international labor and human rights standards. The Code of Conduct outlines the fundamental requirements and guidelines for how we do business as well as our commitment to and respect for human rights. R&M strives for highest ethical conduct and with these principles in mind, the Code of Conduct describes the legal and ethical standards that we shall maintain towards our customers, business partners, suppliers and personnel and also towards the society and financial markets in all of the jurisdictions where we do business. R&M supports and respects the protection of human rights as defined in the UN Declaration of Human Rights (<http://www.un.org/en/documents/udhr/>). R&M does not accept the use of child or forced labor nor does R&M tolerate working conditions that are in conflict with international laws and practices. We expect our entire supplier network to engage in business practices that are in line with our principles.

As we are a part of a complex business ecosystem, we want to ensure that we act as transparently as possible and are fully accountable. Code of Conduct online training is mandatory for all R&M employees and the Code of Conduct is publicly available on the R&M website. Other work on improving people's awareness of the Code of Conduct is also continuing. Using the anonymous information generated by the online training database, we are able to target further campaigns addressing specific gaps or risks related to the areas covered by the Code of Conduct. We also offer personnel and other stakeholders a confidential e-mail channel for reporting misconduct. We take all



reports of misconduct received through this and other channels seriously and use our best efforts to initiate a prompt response wherever misconduct is found. These are examples of efforts taken by R&M to provide internal accountability and procedures for those failing to meet its standards.

R&M expects and requires its suppliers to comply with the principles espoused in the Supplier Code. While R&M has not implemented specific actions solely for the purpose of evaluating and verifying that there is no slavery or human trafficking in R&M's direct supply chain, R&M global group of companies undertake many actions to assess and audit its suppliers for compliance with the requirements imposed upon them by R&M, including but not limited to the Supplier Code.

These efforts include:

1) R&M, as part of a global group of companies, has created and implemented a "Global Supplier Manual." The purpose of the Supplier Manual is to guide our procurement/sourcing personnel and set minimum requirements for all suppliers of R&M including but not limited to those providing materials and service parts to R&M. It is the intent of R&M to purchase from suppliers who consistently meet our expectations for quality, delivery, value, service, and innovation as well as share in our attitude toward high ethical standards and prevention versus detection.

2) In addition to guiding our procurement/sourcing personnel through use of the Supplier Manual, R&M strives to carefully document all purchases of materials and services and utilize its standard template purchasing agreements and General Terms and Conditions of Purchasing for the purchase of materials and services, all which require our suppliers to comply with applicable laws and adhere to the Supplier Code.

3) Approved suppliers are part of the global network of R&M's supply base. The backbone of the business relationship is the mutual respect of the signed agreements and the set requirements of single orders. In addition, the business relationship and performance shall be measured, maintained, and continually improved. In some of the cases the relationship evolves towards strategic cooperation and joint planning of the future business areas. R&M, as part of a global group of companies, has one Supplier Manager nominated to take the overall business responsibility of the certain supplier. Our goal is to have one corporate voice towards suppliers and to enhance effective two-way communication. In order to manage critical business interfaces of the companies, the Supplier Manager is supported also by other professionals from various functions (e.g. from R&D, Production, and Quality). R&M's global group of companies require that suppliers will define counterparts for the defined contact persons. In the business relationship, applicable critical interfaces will be defined by the Supplier Manager together with the supplier. Possible elements of the relationship are business conduct principles and ethical values.

4) R&M global group of companies periodically assesses risks associated with its supply chain, including that of its affiliates, subsidiaries and business units. R&M global group of companies utilize a supplier audit process for key new and central suppliers. Our supplier audit process considers a combination of selection criteria, apart from price alone, when selecting and analyzing suppliers and supplier performance. One such aspect is a supplier's agreement to observe the Supplier Code and continued compliance with the Supplier Code.

At this time, R&M does not utilize any third parties to (i) internally verify its product supply chains and address risks of human trafficking and slavery, or (ii) conduct audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains.