

## SCOPE

This Supply Chain Due Diligence Policy (the “**Policy**”) applies to all directors, officers (including the Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”)) and employees (collectively, “**Employees**”), independent contractors, third-party agents, and consultants (together, “**Agents**”) of NFI Group Inc., and its subsidiaries and affiliates (collectively, the “**Company**”).

At this time this Policy applies to Suppliers in the following categories, hereafter referred to as “**Supplier(s)**”

1. Those supplying goods containing conflict minerals
2. Those supplying goods containing critical minerals
3. Those Suppliers based in or supplying goods originating in countries with heightened risk

## PURPOSE

The Company is committed to conducting its business in ways that meet fundamental obligations in areas of human rights, environment, anti-corruption, and ethical business practices. The minimum standards which we expect Suppliers to meet are set out in detail in our Supplier Code of Conduct. The Company’s commitment extends to taking steps to ensuring that our Suppliers adhere to these standards. The purpose of this Policy is to set out the due diligence steps which must be taken in relation to Suppliers, both existing and new.

## ROLES AND RESPONSIBILITIES

Employees and Agents who have questions regarding the application of any rule or process contained in this Policy should seek guidance from the Executive Vice President, Supply Management. Any Employees of Alexander Dennis Limited and its subsidiaries (“**ADL**”) may alternatively seek guidance from the Group Procurement Director.

## POLICY

### 1. SUPPLY CHAIN MANAGEMENT PROCEDURES

This Policy reflects the risk-based approach which the Company has adopted to take steps to ensure that risks in our supply chain are identified, adverse impacts are prevented or mitigated, and that implementation of actions is tracked and communicated and where necessary remedy is provided. The Policy has been developed based on OECD Due Diligence Guidance for Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights (UNGPs), and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas. The Policy will be regularly reviewed by the Company and revised as necessary to consider the scope of Suppliers included and level of due diligence required based on findings during implementation of this Policy.

The steps below set out the risk-based due diligence which must be carried out. This proactive action will aim to identify, prevent, mitigate and or address certain risks in our supply chains.

The Responsible Employee (as defined in section 2 below) should take steps in each case to ensure compliance with this Policy. If a Supplier is not willing to cooperate with these requirements, Employees should contact the EVP, Supply Management immediately for the purposes of seeking advice. ADL Employees may alternatively contact the Group Procurement Director.

In this Policy a reference to the “Supply Chain Due Diligence Team” means the Company’s Strategic Sourcing team. Alexander Dennis employees may alternatively contact its ESG team.

## 2. SUPPLIER DUE DILIGENCE – PROCESS

The risk assessment and due diligence procedures set out in this Policy must be completed by the Employee responsible for the commercial relationship with the Supplier. In this Policy we refer to this Employee as the “Responsible Employee”. The procedures must be followed both for new and existing Suppliers. The risk factors utilized in this Policy will be reviewed on a regular basis.

All supporting documents referred to in this Policy are available on the Company’s intranet sites.

### STEP 1 – Complete Supplier Questionnaire and Inherent Risk Assessment

The Responsible Employee should request information from the Supplier to complete the Inherent Risk Assessment (contained within the NFI Group Supplier SAQ document). Where a question cannot be completed due to lack of information then this will automatically result in a deemed high-risk status until the supplier can provide all necessary information to support a change in status.

The supplier questionnaire automatically provides an inherent risk assessment based on certain risk factors upon completion. This includes:

- whether the Supplier sells goods containing critical and/or conflict minerals
- whether it is or will be operating in or supplying goods originating in heightened risk countries.

The Inherent Risk Assessment automatically carries out this assessment and provides the Responsible Employee with an inherent risk score for the supplier.

The risk posed by the Supplier will determine the level of diligence required. The Inherent Risk Assessment **must** be completed to determine whether the Supplier is high, medium, or low risk. The completed Inherent Risk Assessment should be sent to the Supply Chain Due Diligence Team for review and approval before any further steps are taken.

At this stage the Supplier Code of Conduct must be signed by the Supplier if not already completed.

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## **STEP 2 – Issuing Due Diligence Questionnaires (high risk Suppliers)**

Where a Supplier is identified as high-risk following completion of the Inherent Risk Assessment, the Responsible Employee should ask the Supplier to fully complete the relevant due diligence questionnaires. The required questionnaires may include one or more of: Critical Minerals, Smelter List and/or Conflict Minerals or High-Risk Countries. These are set out in separate sheets in the NFI Supplier Group SAQ. Once the appropriate questionnaires have been completed and returned, these should be sent to the Supply Chain Due Diligence Team for review before any further steps are taken.

If a Supplier repeatedly fails or refuses to provide all information required in a questionnaire, Employees should contact the EVP, Supply Management immediately for escalation and determination of next steps. ADL Employees may alternatively contact the Group Procurement Director.

## **STEP 3 – Review of Submission and Additional Diligence by the Company**

Once the relevant Supplier Questionnaire(s) has been completed, the Supply Chain Due Diligence Team will carry out further checks based on external resources, research, and data in the public domain, based on the information provided by the Supplier. As part of this step, information provided by the Supplier will also be cross-referenced against the RMI conformant smelter list, if appropriate to the nature of goods supplied.

The Supply Chain Due Diligence Team may request additional information from the Supplier as necessary following the review of the completed Supplier Questionnaire and the checks in this Step 3.

## **STEP 4 – Determination of Risk Status**

Following receipt and review of all information during Steps 2 and 3, the Supply Chain Diligence Team will assess the Supplier providing them with a Supplier risk rating, detail of the risk and an action plan (if required). This action plan will be agreed with and implemented by the Supplier. Where the risks are such that they cannot be adequately mitigated, the EVP, Supply Management, following consultation with the Supply Chain Due Diligence Team, may require alternative action from the Supplier. The Company reserves the right to suspend doing business with the Supplier if they do not cooperate in corrective actions. Where possible, the Company seeks to ensure continuous improvement and support Suppliers to take the necessary actions, this is in line with our policy of being a responsible business.

Where an action plan is required because of risks identified in relation to a Supplier, the plan will set out all actions and improvements which the Supplier must take to address the risk. The Supplier must implement and comply with the action plan or Supplier will be considered in violation of this policy and will be assessed for removal from the Company supply chain. Action plans must be incorporated into any new contract with the Supplier or as an amendment to an existing contract.

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## **STEP 5 – Monitoring of Progress**

The action plan will set out the frequency of reporting by the Supplier on progress against the plan. The Responsible Employee is responsible for ensuring that the Supplier provides updates on time. The Supply Chain Due Diligence Team will review updates provided by the Supplier, along with all relevant supporting information, to assess whether sufficient progress is being made. If this Supplier fails to make sufficient progress then the Supply Chain Due Diligence Team may issue a formal request to the Supplier advising of this failure and that this may result in termination of the relationship. Any decision to terminate a relationship because of such failures shall be made by the EVP, Supply Management, following consultation with the Supply Chain Due Diligence Team.

Disclosure or reporting on risks identified and actions taken will be made by the Company in line with its Conflict and Critical Minerals Policy, forced labour and modern slavery reports filed annually in Canada and the United Kingdom, and the Company's annual ESG Report.

## **STEP 6 – Re-assessment of Supplier Risk Status**

The diligence steps set out in this Policy shall be repeated for each Supplier, based on the level of risk assessed in Step 1, on the following timescales:

- High risk – annually
- Medium – every 2 years
- Low risk – every 3 years

A flowchart which provides a guide of the diligence that must be completed is set out below.

**Step 1**  
 Responsible Employee completes the Supplier Questionnaire and Inherent Risk Assessment to identify whether the Supplier is high risk, medium risk or low risk.  
 Supplier to sign Supplier Code of Conduct, if not already done. Send the completed risk assessment to Supply Chain Due Diligence Team who will determine next steps including whether the Supplier is high risk or low risk.

<b>High risk and Medium risk</b> Proceed to step 2	<b>Low risk</b> No further action
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**Step 2 (High risk and Medium risk Suppliers from this step onwards)**  
 Responsible Employee issues the appropriate Supplier Questionnaires to the Supplier.  
 Send the completed Supplier Questionnaires to Supply Chain Due Diligence Team.

**Step 3**  
 Supply Chain Due Diligence Team reviews the completed Supplier Questionnaire and carries out additional checks and cross-referencing using external sources.

**Step 4**  
 Supply Chain Due Diligence Team determines risk status of the Supplier and whether an action plan, alternative action or suspension of trading is required. If required, an action plan is to be agreed directly with the Supplier and incorporated into the new or existing contract.

**Step 5**  
 Responsible Employee obtains updates from the Supplier on progress against the action plan. These are reviewed by the Supply Chain Due Diligence Team. Warning notices may be issued if a Supplier fails to make sufficient progress, which may lead to termination of the relationship.

**Step 6**  
 High risk Suppliers to be re-assessed annually. Medium risk suppliers need to be assessed every two years, and Low risk Suppliers to be re-assessed every 3 years.

## Ongoing Duty to Report

The Supply Chain Due Diligence Team must be contacted immediately as follows:

- At Steps 1, 2, 5 and 6 as outlined in this Policy;
- If you require assistance in connection with Steps 1 through 6 as outlined in this Policy, including if a Supplier is not willing to cooperate with these steps;
- If you have any concerns about whether a Supplier is compliant with the Supplier Code of Conduct;
- If you become aware of any change to the risk posed by a Supplier; or
- If you require assistance in drafting or amending appropriate contractual provisions.

### 3. REPORTING PROCEDURES

Any Employee who becomes aware of a potential violation of this Policy or the Supplier Code of Conduct must notify the EVP, Supply Management promptly. ADL Employees may alternatively notify the Group Procurement Director.

NFI Group expects suppliers and their employees to adhere to this Supplier Code. Any person with reason to believe that the obligation or principles of this code are not being respected is asked to report to our Ethics and Compliance Hotline online at: [nfigroup.ethicspoint.com](https://nfigroup.ethicspoint.com); by email to: [ethics@nfigroup.com](mailto:ethics@nfigroup.com), or by phone at:

North America Toll Free: 1-800-601-2161

United Kingdom Toll Free: 0808-234-1752

Hong Kong Toll Free: 800-93-3389

The Company does not permit retaliation or harassment of any kind against Employees or Suppliers reporting potential violations of applicable laws or this Policy.

### 4. REGULAR REVIEW OF POLICY

The Company is committed to continuously reviewing and updating its policies and procedures. The Company reserves the right to modify, suspend or revoke the Policy and any and all other policies, procedures, and programs in whole or in part, at any time. This Policy will be reviewed by the EVP, Supply Management. Any amendments to this Policy will be made available to all Employees, including being placed on the Company's and its subsidiaries' intranet sites.