

**Modern Slavery Statement - 2023
Meritor Heavy Vehicle Systems Australia Ltd.**

Introduction

This is the third Modern Slavery Statement submitted pursuant to section 13 of the Modern Slavery Act 2018, (Cth) (Act) for Meritor Heavy Vehicle Systems Australia Ltd. (ABN No. 86 004 479 430) (“**CumminsMeritor Australia**”).

This statement describes the continued efforts being taken to ensure transparency in our supply chains by outlining the steps which CumminsMeritor Australia has undertaken to detect the risk of modern slavery within the supply chain and business operations for the financial period October 1, 2022 to December 31, 2023.

As a subsidiary of a global company, driven by strong corporate governance and social responsibility, CumminsMeritor Australia is committed to maintaining and improving our company policies and processes to identify, eliminate and prevent the risk of modern slavery in our business and global supply chain.

Criteria 1 and 2 – Identification, Company Structure, Operations and Supply Chain

CumminsMeritor Australia is a wholly owned subsidiary of Cummins Inc., headquartered in Columbus, Indiana, U.S.A..

Cummins Inc., (“**Cummins**”) founded in 1919, is a global power technology leader designing, manufacturing, distributing, and servicing a broad portfolio of clean power solutions. The company’s products range from diesel, natural gas, electric and hybrid powertrains, and powertrain-related components including filtration, aftertreatment, turbochargers, fuel systems, controls systems, air handling systems, automated transmissions, axles, drivelines, brakes, suspension systems, electric power generation systems, batteries, electrified power systems, hydrogen generation and fuel cell products.

CumminsMeritor Australia, imports and manufactures axle and driveline products for heavy duty vehicle applications; distributes associated components for aftermarket service; and provides support through customer dealership networks, and independent distributors and retailers.

CumminsMeritor Australia’s operations include:

- Head office and manufacturing facility located in Sunshine, Victoria
- Aftermarket distribution centre located in Derrimut, Victoria
- A workforce of 133 persons, consisting of 85 permanent employees, 1 contractor and 47 casuals. Our employees are engaged by either direct employment contract or under enterprise agreements which cover about 51% of the total permanent workforce.
- A global supply base of 284 active suppliers providing a range of goods and services and located in the following areas:

– Australia	186*
– USA	40
– Asia	21
– Europe	5
– India	7
– Cummins Inc. entities	25

**2023 Australia supplier count expanded to include all non-production goods and service suppliers*

Criteria 3 - Risks of Modern Slavery

CumminsMeritor Australia, given the global nature of our business, recognises the risk of modern slavery may occur in our organisation and supply chain, and that level of risk is influenced by vulnerable populations, product and service categories, and geographic locations.

As part of CumminsMeritor Australia's review process, all active suppliers in the 2023 financial year were risk profiled using the recognised *Global Slavery Index*¹, recognising suppliers which had been prequalified for compliance to trafficking and slavery laws, and with established supply relations and contracts with Cummins entities globally. This process also continues to be complemented by engaging suppliers annually in a survey assessment and *Certificate of Compliance Against Human Trafficking and Slavery*.

Particular attention in these assessments remains on suppliers located in countries that are considered higher risk in accordance with the *Global Slavery Index*.

These assessments resulted in no immediate concerns being identified in our external suppliers.

In addition, no concerns were evident in relation to our intercompany supply chain, as CumminsMeritor Australia sources the majority of its goods from Cummins' owned overseas factories and distribution centres also subject to the same policies herein as CumminsMeritor Australia.

Our Australian operations remains of low risk in contributing to modern slavery given robust policies and procedures that govern labour employment, and which are subject to employment standards under the Fair Work Act 2009, ethical treatment of our employees, the existence and representation of trade unions for collective bargaining within our operations, and the requirement for a legal status to work.

Criteria 4 - Actions to Assess and Address Modern Slavery

1. Policies and Governance

CumminsMeritor Australia, and as a subsidiary of Cummins Inc., has comprehensive policies and governance in place to ensure business is conducted in an ethical and legally compliant manner, and which are intended to identify and eliminate, or prevent the risk of modern slavery in our business and global supply chain.

These policies and systems include but not limited to:

Cummins Code of Business Conduct (The Code) - outlines 10 "Statements of Ethical Principles", providing the foundation for ethical behaviour at Cummins. The principles support our values and are backed by corporate policies and other key documents that provide specific guidance on various topics, including human rights.

The Code addresses issues ranging from Cummins' commitment to diversity and how we treat each other, to how we compete fairly for business around the world. It also reminds us of our unwavering responsibility as Cummins employees to always behave ethically and to report behaviour that does not reflect our standards and values.

The Code, which is available for download in sixteen different languages, provides our employees around the world with a practical guide to doing the right thing and reinforces the values that have made Cummins a great place to work for more than 100 years.

Each year, employees are required to certify their compliance with the Code and underlying policies and report any exceptions to policy through an ethics certification process. An internal audit team, Ethics

¹ **Global Slavery Index** (<https://www.globalslaveryindex.org/>) - The 2018 Global Slavery Index provides a country by country ranking of the number of people in modern slavery, as well as an analysis of the actions governments are taking to respond, and the factors that make people vulnerable.

and Compliance team and the Cummins legal function review all exceptions raised to ensure they are properly managed and documented.

Cummins Human Rights Policy - which applies to all Cummins employees and entities worldwide (including CumminsMeritor Australia), recognising and supporting fundamental human rights. This policy prohibits the use of all forms of child labour and forced labour (including threat or force or penalty), indentured labour, bonded labour, military labour, slave labour and any form of human trafficking. This policy is guided by the Universal Declaration of Human Rights, the International Labour Organisation's declaration on Fundamental Principles and Rights and Work, the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights.

Meritor Modern Slavery and Human Trafficking Policy (global policy) – establishes the guidelines and procedures for assuring compliance with local Australian laws and global corporate requirements which prohibit human trafficking and slavery, and/or knowingly benefiting from any such activity.

Cummins Ethical Helpline - Cummins is committed to the highest standards of ethical business conduct and expects its employees and other stakeholders to report concerns of suspected violations of the Code of Business Conduct, policies, or law. The Cummins Ethics Help Line (available 24 hours a day, 7 days per week) is an available resource for employees or third parties to report a concern or suspected violation of the Code of Business Conduct, policies, and law, or the Supplier Code of Conduct. All reports or concerns are taken seriously and are investigated thoroughly.

Meritor Whistleblower Policy (global policy) – CumminsMeritor Australia employees must conduct all business activities in a way that is consistent with the company' standards of business conduct. Unethical and unlawful behaviour is wrong and can damage the company. This policy establishes the guidelines and procedures for assuring protections for employees and to identify and report misconduct that may be in breach of company policies, and/or cause harm to its employees, suppliers, and customers. We advise staff they have a responsibility to report and detect on any concerns that they may have in relation to modern slavery.

Meritor Production Supplier Evaluation, Qualification and Selection Procedure – which therein outlines expectations and requirements of suppliers for compliance with laws against human trafficking and slavery. Cummins and CumminsMeritor Australia values global supply partners who share a commitment to quality and value and operate under a philosophy that focuses on integrity and “doing the right thing” and this procedure applies to all businesses that produce goods for or provide services to CumminsMeritor Australia.

CumminsMeritor suppliers are in the process of transitioning to the **Cummins Supplier Code of Conduct (SCOC)**. The SCOC outlines Cummins' expectations that all suppliers will comply with certain business and ethical standards and to the laws of their respective countries, as well as all other applicable laws, rules, and regulations. The SCOC applies to all businesses that produce goods or provide services for Cummins and any of its subsidiaries, joint ventures, divisions, or affiliates.

The SCOC is available in 15 languages and outlines 7 principles to ensure that Cummins is doing business with other companies around the world that share its sustainable practices. These provisions include banning child or forced labour, wages, and hours, working conditions, freedom of association, political activity, and bribery/corruption of government officials. Compliance with the principles of the SCOC is a requirement to do business with Cummins.

2. Due Diligence

Each year CumminsMeritor Australia ensures that not less than 80% of it's purchase value was with suppliers either of low country index risk (per Global Slavery Index), and/or provide a *Certificate of Compliance Against Human Trafficking and Slavery* within their business and supply chain operations.

Part of this process also included a survey of suppliers that enables CumminsMeritor Australia to build a more transparent view of our suppliers with respect to their company structure, policies and procedures for responding to and eliminating modern slavery risks.

The questions focus on:

- policies and procedures to identify, investigate, and remedy instances of modern slavery
- understanding if the supplier has mechanisms to raise concerns related to modern slavery; and
- engagement of the supplier's supply chain to also promote awareness and eliminate of risk modern slavery

Findings of the 2023 supplier survey continues to show improved engagement in our global supply chain on prior year:

- majority of suppliers have responded that awareness and visibility of risk in their supply chain has improved
- more suppliers are including modern slavery risk management into their company policies
- marginal improvement in the number of suppliers assigning dedicated resources to manage modern slavery risks
- more suppliers are actively screening their supply chain for risks
- all suppliers of high and medium risk regions:
 - declared either they do not use low skilled migrant workers, or do have processes to manage risks
 - have undertaken training of staff on modern slavery risk, and/or participated in training provided by CumminsMeritor Australia

3. Grievance and Remediation

CumminsMeritor Australia is committed to creating a supportive and safe environment to enable employees and third parties to raise suspected breaches of the Cummins Code of Conduct and the Supplier Code of Conduct.

Employees and third parties have multiple avenues to raise a concern or seek guidance on suspected modern slavery or human rights issues at Cummins or within its supply chain. Some of these avenues are: (1) for employees, raising the issues with a supervisor/manager; (2) for employees or third parties, online reporting at www.ethics.cummins.com; (3) for employees or third parties, calling the Cummins Ethics Help Line; and (4) concerns about potential code violation contact can also be sent to supplierconcerns@cummins.com. All reports can be raised anonymously and are independently investigated.

Violations of policies at any level of the company are acted on swiftly and appropriately. Outcomes are tracked and root causes and required remediations determined and carried out. If a supplier was found to be in continued noncompliance with the SCOC, additional action may be taken, including the termination of the business relationship.

The Ethics Helpline and Whistleblower Policy addresses a process for reporting disclosable conduct, to encourage the identification of wrongdoing by a safe and secure means. Cummins does not tolerate retaliation. No action will be taken against an employee or third party because he or she reports a concern. The Cummins Human Rights Policy also lists external reporting options to report a human rights issue or to request information.

4. Training

In 2023 the following related trainings were undertaken:

- all salaried employees completed an online annual ethics certification which enables them to certify their compliance to Cummins policies. The focus of this ethics certification is to encourage an ethical culture by providing employees who witness or come to know of ethical violations the opportunity to speak up without fear of retaliation. Part of the ethics certification is a specific question on SCOC and / or the Human Rights Policy, which encourages employees to speak up in relation to any potential violations.

- ethics investigation training was conducted. This training was provided to one (1) Human Resource team member who supports any ethics investigation process in CumminsMeritor Australia. This training ensures that when suspected breaches of the Cummins Code of Conduct or Supplier Code of Conduct are raised, these concerns are investigated by employees who are specifically trained to conduct an independent, thorough, and procedurally fair investigation. CumminsMeritor Australia has access multiple experienced ethics investigators within Cummins who support reports made to the Ethics Help Line.
- CumminsMeritor Australia established and delivered a training program now accessible to all suppliers to increase awareness and knowledge of modern slavery risks in their operations and extended supply chains. A total of thirteen (13) high and medium region risk suppliers completed this training program.
- all employees received introductory training on Cummins Treatment of Each Other at Work Policy. Cummins strives to create inclusive environments in our communities and workplaces where employees feel comfortable bringing their whole selves to work. This training focuses on employees treating each other with dignity and respect. It also outlined that employees must try and understand the diverse backgrounds and ways of thinking of our co-workers and that harassment and discrimination of any kind is not allowed.

5. Supplier Controls / Agreements

In 2023 CumminsMeritor Australia required suppliers that make not less than 80% of purchases by value are either other Cummins entities, and/or of low risk index, and/or provide a *Certificate of Compliance Against Human Trafficking and Slavery* (a statement which requires suppliers to comply with all applicable laws, statutes, ordinances, rules and regulations pertaining to human trafficking and slavery in all locations of their sourcing, manufacturing and selling activities).

CumminsMeritor Australia suppliers are in the process of transitioning to the **Cummins Supplier Code of Conduct (SCOC)** provisions of which include banning of child or forced labour, wages, hours, working conditions, freedom of association, political activity, and bribery/corruption of government officials.

Criteria 5 - Assessing Effectiveness of the Actions

CumminsMeritor Australia is continually working to develop and protect our commitment to doing business ethically as defined in our internal ethics and code of conduct policies. In 2023;

- no reports were received in relation to human rights and modern slavery in CumminsMeritor Australia's business operations or supply chains
- supplier *Certificate of Compliance* rate was 99% of total purchase value; a significant increase in supplier engagement on prior year response rate of 85%, and exceeding target of >80% of purchases
- suppliers have demonstrated increased awareness, commitment and efforts to detect and eliminate risk of modern slavery in their businesses
- ethics and compliance training provided to all employees
- mandatory online ethics and compliance certification of all CumminsMeritor Australia salaried employees

Criteria 6 - Consultation:

In 2023, the modern slavery activities were made up of cross functional leaders and procurement team members of CumminsMeritor Australia, and consultation with, inputs and contributions from relevant specialists of Cummins Inc.. Regional leadership are aware of the contents of this statement, including the expectation of the business' leadership in upholding practices to ensure identification, risk reduction and elimination of modern slavery in any areas of our business.

Criteria 7 – Other Relevant Information

- Due to Cummins' acquisition of Meritor in 2022, this statement is for a fifteen (15) month reporting period from October 1, 2022 to December 31, 2023 aligning the Meritor financial reporting year to a calendar financial year as reported by Cummins. Future statements shall revert to a twelve (12) month calendar reporting period.
- Cummins as an organisation driven by strong values, upholds strong governance, commitment and actions to ethics and social responsibility in creating stronger and more equitable communities. Inherently, CumminsMeritor Australia, since became a subsidiary of Cummins in 2022, continues to embrace and adopt these same principles through continued harmonisation and standardisation of policies and procedures to that of Cummins and as reflected by enhancements reported herein.
- As a reflection of Cummins' commitment to creating equitable and inclusive environments, in 2023 Cummins received several workplace honours and recognition including:
 - The Cummins Board of Directors received a NACD Award from the National Association of Corporate Directors in recognition of board practices related to diversity, equity, and inclusion. This annual award program highlights the cutting-edge DE&I practices of companies.
 - Named Employer of the Year at the Diesel Program Summit Awards. The award recognizes a company in the engine and drivetrain industry that excelled in its role as an employer in areas such as workforce development, including training, apprenticeships, recruitment, diversity, sustainability, and human resources.
 - Recognised at a "Best Place to Work for Disability Inclusion" for the 3rd year in a row. Cummins earned the distinction by achieving a top score of 100 on the Disability Equality Index (DEI).
 - Cummins ranked No. 4 on the Forbes magazine's list of Best Employers for Women in 2023. The ranking is based on a survey of employees working for companies employing at least 1,000 people within the United States.
 - Recognised as a Military Friendly® employer receiving the groups bronze designation for our success in creating sustainable and meaningful benefits for the military community.

Approval:

This Statement is provided pursuant to section 13 of the Australian Modern Slavery Act 2018 (Cth). The Board of Directors of Meritor Heavy Vehicle Systems Australia Ltd. is its principal governing body for the purpose of this Act.

This statement was approved by the board of Meritor Heavy Vehicle Systems Australia Ltd. on June 27, 2024.

David Cole
Meritor Heavy Vehicle Systems Australia Ltd.
Managing Director

Document: FM320	Issue: E	Authorised by: D. Cole	Date: 27 June 2024
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