

MODERN SLAVERY STATEMENT 2020



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INTRODUCTION

This Modern Slavery Statement (the “Statement”) is being submitted pursuant to Section 14 of the Modern Slavery Act 2018 (Cth) (the “Act”) for the reporting entity, Cummins South Pacific Pty. Ltd (“CSP/PL”). CSP/PL’s wholly owned subsidiaries are Cummins Aust Technologies Pty. Ltd. (“CATPL”) and Cummins New Zealand Ltd. (“CNZL”). For purposes of this Statement, the information provided is limited to the Australia entity, Cummins South Pacific Pty. Ltd.

This Statement sets out the steps which CSP/PL has undertaken during the 2020 calendar year to detect the risk of modern slavery within the Australian supply chain and business operations in accordance with the seven (7) mandatory reporting criteria outlined in s16 of the Act. The statement also includes future steps which are proposed to be completed by CSP/PL by the end of the calendar year 2021. CSP/PL financial year is from the 1st of January to the 31st of December.

The Modern Slavery Statement has been prepared by a cross functional Modern Slavery Working Group and has been approved by the Directors, herein represented by Peter Jensen-Muir, Director, CSP/PL and Executive Managing Director, Cummins Asia Pacific.

COMPANY STRUCTURE AND OPERATIONS

CSP/PL is a wholly owned subsidiary of Cummins Inc., headquartered in Columbus, Indiana, U.S.A. Cummins, Inc., founded in 1919, is a global technology leader designing, manufacturing, distributing and servicing a broad portfolio of reliable, clean power solutions. The company's products range from diesel, natural gas, electric and hybrid powertrains, as well as related technologies, including transmissions, battery systems, fuel systems, controls, air handling, filtration, emission solutions, and power generation systems.

Cummins employs approximately 57,800 people committed to powering a more prosperous world through three global corporate responsibility priorities critical to healthy communities: education, environment and equality of opportunity.

Cummins serves customers online, through a network of company-owned and independent distributor locations, and through thousands of dealer locations worldwide. The company earned \$1.8 billion on sales of \$19.8 billion in 2020.

CSP/PL was established on September 25, 1984 in Australia. The head office is located at 2 Caribbean Drive, Scoresby Victoria, 3179, Australia. In 2020, CSP/PL generated a consolidated revenue of approximately A\$939M. CSP/PL has 30 service locations in the support network across all states and territories in Australia plus the head office, Customer Support Centre and two distribution warehouses in Melbourne. It employs approximately 1,600 employees. Cummins provides sales, service, repairs, parts and technical support, to a range of Cummins-manufactured power products used in vehicles, generators and other machinery.



SUPPLY CHAIN

CSP/PL's supply chain is made up of 1718 suppliers in Australia. The top suppliers in Australia are from the following industries:

1. Retail Trade - 591
2. Other Services - 407
3. Transport, Postal and Warehousing - 169
4. Professional, Scientific and Technical Services - 118
5. Rental, Hiring and Real Estate Services - 87

CSP/PL's supply chain imports new and remanufactured engine components and engines, generator equipment and components, the majority of which are manufactured by Cummins overseas factories and Distribution Centres in USA, Europe, UK, Singapore, India and China.

These goods are imported into Cummins' Distribution Centres in Melbourne by either sea (majority) or air freight and then distributed by road, air or sea to the service locations in Australia, New Zealand and Papua New Guinea for sale to our end customers. CSP/PL has a network of 149 dealers in Australia.



RISKS OF MODERN SLAVERY

CSP/PL recognises that the risks of modern slavery may occur in our organisation and extended supply chain and understands that the level of risk is influenced by factors such as vulnerable populations, product and service categories, industry and geographic locations. Accordingly, the Modern Slavery Working Group conducted a preliminary assessment of 1718 suppliers in Australia who were active in our supply chain in the 2020 calendar year.

On review, each supplier was categorized by country, industry and sector (products & services) using recognized modern slavery indices and focusing on industries with the greatest modern slavery risk such as catering, cleaning, security and logistics, information technology, uniforms (textiles), PPE, and recruitment/labour hire providers.

The preliminary assessment resulted in no immediate concerns as CSP/PL sources the majority of goods from Cummins owned overseas factories and distribution centers in the USA, Europe, UK, Singapore, India and China. It was also determined that our operation would be at a very low risk of causing or contributing to Modern Slavery due to our robust policies and procedures that govern recruitment / labour sourcing, working conditions and the ethical treatment of our employees.

ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISK



I. POLICIES AND GOVERNANCE

CSP/PL is committed to supply chain transparency, pledging to work with suppliers and partners in high-risk locations to mitigate the risk of human trafficking and other human rights violations.

In March 2018, Cummins Inc. published a Human Rights Policy which applies to all Cummins employees and entities worldwide including CSP/PL. The policy prohibits the use of all forms of child labor and forced labor, including threat or force or penalty, indentured labor, bonded labor, military labor, slave labor and any form of human trafficking. Cummins Human Rights Policy states:

“We support human rights around the world and will comply with all applicable laws regarding the treatment of our employees and other stakeholders. We will not tolerate child or forced labour anywhere and will not do business with any company that does (...) Our commitment to fair treatment and human rights also extends to our joint ventures, suppliers and other partners. We will insist our suppliers and partners treat their stakeholders in a way that is consistent with our values through our Supplier Code of Conduct”.

The Human Rights Policy is a Cummins core policy and is guided by the Universal Declaration of Human Rights, the International Labor Organization’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.





II. DUE DILIGENCE

In 2020, CSP/PL required suppliers that make up the top 80% of purchases to sign a Supplier Code of Conduct response form or a contract that contains the Supplier Code of Conduct. The Supplier Code of Conduct required suppliers to comply with applicable laws and regulations and included the prohibition against the use of forced or child labour of any kind.

Through the Supplier Code of Conduct, CSP/PL ensures that suppliers understand Cummins values and treat all their employees and business partners in a way that is consistent with those values. The Supplier Code of Conduct states in part:

“Suppliers must not use slavery or involuntary labor of any kind, including prison labor, debt bondage, forced labor by governments and suppliers must not be involved in human trafficking. Suppliers must not use corporal punishment, physical or psychological abuse, threat or violence, or other forms of physical or mental coercion. There must not be unreasonable restrictions on the ability of employees to enter or exit the workplace”.

The Modern Slavery Working Group completed a review of CSP/PL supplier data in 2020. The project team Identified, analyzed, mapped and categorized the supplier data allowing for CSP/PL to set a current baseline. The team have developed the framework for future supplier reviews which sets the stage for continuous improvement in our Modern Slavery reporting process.

CSP/PL is committed to increasing and continuing its engagement in 2021 with high-risk suppliers by expanding and strengthening our supplier due diligence program to detect the risks of Modern Slavery in our supply chains.



III. GRIEVANCE AND REMEDIATION

CSP/PL 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 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. Some of these avenues are: (1) for CSP/PL employees, raising the issues with a supervisor/manager; (2) for CSP/PL employees or third parties, online reporting via ethics.cummins.com or (3) for CSP/PL employees or third parties, calling the Cummins Ethics Help Line. All reports may be raised anonymously and are independently investigated. Violations of policies and at any level of the company will be acted on swiftly and appropriately. Outcomes are tracked and root causes and required remediations determined and carried out.

The CSP/PL Whistleblower Policy also 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.

All salaried and exempt employees in CSP/PL complete an annual ethics certification which enables them to certify their compliance to Cummins policies as well as encouraging an ethical culture by providing employees who witness or come to know of ethical violations the opportunity to speak up without fear of retaliation.



IV. TRAINING

Cummins has launched an online training package to support the launch of the Human Rights Policy in 2019 which specifically addresses Human Rights and Modern Slavery for employees in purchasing, logistics and manufacturing functions. This training is planned to be rolled out again in 2021.

In 2020 CSP/PL employees completed an online mandatory Cummins Code of Business Conduct training which included provisions prohibiting forced or child labour.

This is to maintain awareness and ensure a high level of understanding of the risks of Modern Slavery and human trafficking in our business the Cummins Code of Business Conduct and is available on our intranet.

CSP/PL employees received training on the Whistleblower Policy in 2020. This training encouraged whistleblowers to speak up and raise concerns, which would include human rights violations, in a safe and supportive environment.



V. SUPPLIER AGREEMENTS

Cummins requires suppliers that make up the top 80% of purchases to sign the Supplier Code of Conduct response form or a long form contract that contains Supplier Code of Conduct language, which requires suppliers to comply with applicable laws and regulations and includes the prohibition against the use of forced or child labour of any kind.



ASSESSING EFFECTIVENESS

CSP/PL is continually working to develop and protect Cummins commitment to doing business ethically as defined in our Code of Business Conduct. In 2020 due to the impacts of COVID 19, the Modern Slavery Working Group primarily focused on understanding the effectiveness of the current systems and processes in place to identify and address the risk of modern slavery and human trafficking in our supply chain and operations.

No concerns were received in 2020 in relation to human rights and modern slavery in CSP/ PL's operations and / or supply chain. CSP/PL is committed to continuing to improve, build upon and monitor these foundational practices to detect Modern Slavery in its supply chain and business operations, which will reflect in future steps to be documented in the 2021 Modern Slavery Statement.

CONSULTATION

The Modern Slavery Working Group was made up of cross functional leaders from supply chain, legal, compliance and a Six Sigma blackbelt. The team had regular interactions at leadership meetings on modern slavery risks and the framework being developed to address those risks in our supply chains and operations.

These leadership meetings included senior leaders from both market segments and functions where they were encouraged to educate, engage and have inputs into the framework being developed to address modern slavery and human trafficking in our supply chain and operations.

OTHER RELEVANT INFORMATION

CSP/PL acknowledge the impacts of COVID-19 on increasing the risks of modern slavery. The pandemic did impact and delay the progress of our planned activities to address modern slavery risks due to the adjustments required in operations. These included impacts to communication, training, general facility operation and supplier engagement.

Although impacts of COVID-19 are still being felt CSP/PL is committed to continuously improving the initiatives that are under way to address the risks of modern slavery in CSP/PL operations and supply chain. These will be duly reported in the 2021 statement.

APPROVAL

This statement was approved by the Board of Cummins South Pacific Pty Ltd.



Peter Jensen Muir
Director, CSP/PL and Executive Managing Director,
Cummins Asia Pacific.

Dated: 25 June 2021



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