



**MODERN
SLAVERY
STATEMENT
2021**



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INTRODUCTION

This is the second Modern Slavery Statement (the “Statement”) 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 subsidiary is Cummins New Zealand Ltd. (“CNZL”). For the purposes of this Statement, the information provided is limited to the Australia entity, CSP/PL.

This Statement will describe the continued efforts being taken to ensure transparency in our supply chains by outlining the steps which CSP/PL has undertaken during the 2021 calendar year to detect the risk of modern slavery within the Australian supply chain and business operations. This has been done in accordance with the seven (7) mandatory reporting criteria outlined in s16 of the Act. CSP/PL’s financial year is from the 1st of January to the 31st of December.

The Modern Slavery Statement has been prepared by a cross functional team and has been approved by the Directors, herein represented by Peter Jensen-Muir, 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 clean power solutions. The CSP/PL's products range from diesel and natural gas engines to hybrid and electric platforms, as well as related technologies, including transmissions, battery systems, fuel systems, controls, air handling, filtration, emission solutions, and power generation systems.

Cummins employs approximately 58,000 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 in approximately 190 countries and territories through a network of approximately 500 company-owned and independent distributor locations, and over 10,000 dealer locations. In 2021, the company earned approximately US\$24 billion in revenue.

CSP/PL was registered on September 25, 1984, in Australia. The head office is located at 2 Caribbean Drive, Scoresby Victoria, 3179, Australia. In 2021, CSP/PL generated a consolidated revenue of approximately A\$ 1,081,000,000. CSP/PL has 30 service locations across all states and territories in Australia together with its head office in Scoresby, Customer Support Centre and three distribution warehouses, two in Melbourne and one in Perth (late Q2 2022). It employs approximately 1,649 employees. CSP/PL provides sales, service and repairs, parts, and technical support, to a range of Cummins-manufactured power products used in vehicles, generators, new power, and other components and machinery.



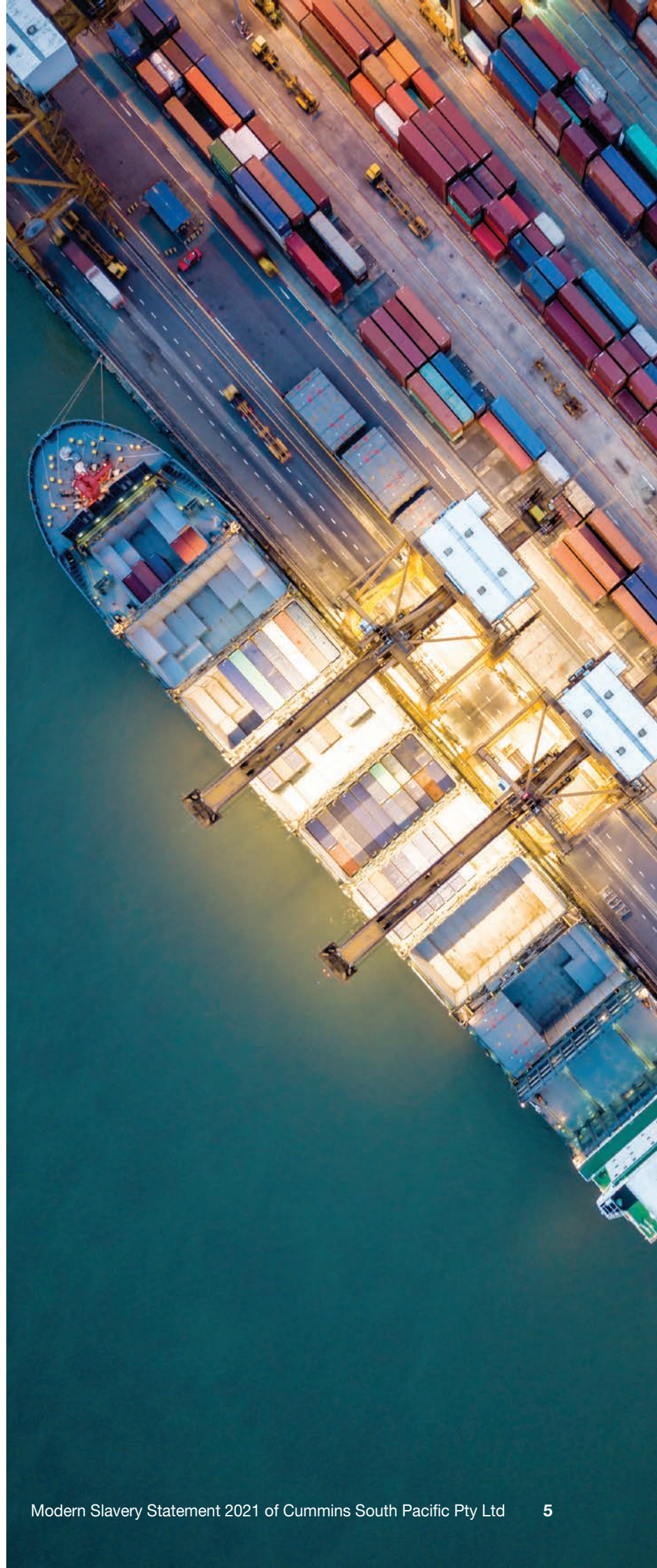
SUPPLY CHAIN

In 2021 the CSP/PL supply chain was made up of 1701 suppliers in Australia. The top five suppliers in Australia are from the following industries:

- (1) Retail Trade - 560
- (2) Other Services - 395
- (3) Transport, Postal and Warehousing - 168
- (4) Professional, Scientific and Technical Service - 129
- (5) Manufacturing - 109

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 and Perth by either sea (majority) or air freight. The goods are 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 144 dealers in Australia.



RISKS OF MODERN SLAVERY

CSP/PL recognizes that the risks of modern slavery may occur in its organization 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, a preliminary assessment of 1701 suppliers in Australia who were active in our supply chain in the 2021 calendar year was completed.

As part of this preliminary review, each supplier was categorized by country, industry, and sector (products and services) using recognized modern slavery indices. The review focused on industries most at risk of modern slavery such as catering, cleaning, security and logistics, information technology, uniforms (textiles), PPE, and recruitment/labour hire providers. The preliminary assessment of all external CSP/PL suppliers resulted in no immediate concerns. In addition, no concerns were evident in relation to our intercompany supply chain as CSP/PL sources the majority of goods from Cummins' owned overseas factories and distribution centres in the USA, Europe, UK, Singapore, India, and China.

It was also determined that CSP/PL's operations would be at a very low risk of causing or contributing to Modern Slavery due to CSP/PL's 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

Cummins Inc. has a Code of Business Conduct (The Code) that 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 CSP/ PL’s 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 key and unchanging 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 90 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. Internal Audit, Ethics and Compliance and the Cummins Legal Function review all exceptions to ensure they are properly managed and documented.

In March 2018, Cummins Inc. adopted a Human Rights Policy (the Policy) which applies to all Cummins employees and entities worldwide including CSP/PL. The 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. The 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 Policy is guided by the Universal Declaration of Human Rights, the International Labour 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

Cummins 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”. To support this philosophy Cummins has a Supplier Code of Conduct (SCOC) specifically for its global supply base. The SCOC outlines the CSP/PL’s expectations that all suppliers will comply with certain business and ethical standards and to the laws of their respective countries, all other applicable laws, rules, and regulations. The SCOC applies to all businesses that produce goods or provide services for Cummins and any of our 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. The SCOC is provided with CSP/PL’s standard purchasing terms and conditions, and compliance with the principles of the SCOC is a requirement to do business with Cummins.

The SCOC states in part:

“Suppliers must not use slavery or involuntary labour of any kind, including prison labour, debt bondage, forced labour 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”.

In 2021, to further assess risk in the CSP/L supply chain compliance risk questions were developed to be incorporated in the new supplier process which included a question on human rights and modern slavery. Discussion was also had in relation to the development of a self-assessment questionnaire (SAQ) to better understand the risk for modern slavery within our existing suppliers. Further work will be completed in 2022 to incorporate the compliance questions into our new supplier processes and using a phased high-risk approach in progressing the SAQ with our existing suppliers.





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 at Cummins or within our supply chain. 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; 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 will be 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 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.

In 2021, all salaried and exempt employees in CSP/PL completed 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. Part of the ethics certification is a specific question on SCOC and / or human rights policy which encourages employees to speak up in relation to any potential violations.

In 2021, CSP/PL ethics investigation training was conducted. This training was provided to eight (8) Line Human Resources who support the ethics investigation process in the region. This training ensures that when suspected breaches are raised of the Cummins Code of Conduct and /or the Supplier Code of Conduct that they are investigated by employees who are specifically trained to conduct an independent, thorough, and procedurally fair investigation.





IV. TRAINING

Cummins launched an online training package to support the launch of the Human Rights Policy in 2019 which specifically addressed Human Rights and Modern Slavery for employees in purchasing, logistics and manufacturing functions. This training was planned to be rolled out again in 2021 however due to a change in third party supplier that commitment was not met. However, this change to supplier did provide an opportunity in 2021 for CSP/ PL to conduct a review of the content of the Human Rights training to ensure it captured relevant examples of modern slavery and human trafficking, clear consequences of human rights violations, ability to identify red flags of potential human rights violations, understanding the importance of conducting due diligence of third parties in our supply chain, and how to report potential violations. This online training is planned to be rolled out in 2022 to a target audience from senior business leadership, supply chain, purchasing, manufacturing, human resources, legal and ethics and compliance.



V. SUPPLIER AGREEMENTS

In 2021, Cummins required suppliers that make up the top 80% of purchases who make up the highest spend to sign the Supplier Code of Conduct certification form or a long form contract that contains Supplier Code of Conduct language. Both the form and the contract, require suppliers to comply with applicable modern slavery laws and regulations and includes the prohibition against the use of forced or child labour of any kind.

In addition, in 2021, CSP/ PL's standard terms and conditions for direct and indirect purchases (used for low value purchases) and CSP/ PL's direct purchasing contract template (used for high value direct purchases) were amended to add modern slavery provisions. In 2022 these updated terms and conditions will be used for all new suppliers and a phased approach will be taken with the current supplier base to transition these suppliers to the updated terms and conditions.



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 2021;

- No reports were received in relation to human rights and modern slavery in CSP/PL's operations and / or supply chain.
- 100% of the top 80% of purchases who make up the highest spend to certify their intent to comply with the SCOC.
- 100% of salaried and exempt employees completed their ethics certification.

CONSULTATION

In 2021, the team completing the Modern Slavery activities was made up of cross functional leaders from supply chain, legal, compliance and a Six Sigma blackbelt. There were regular interactions between key areas of the business and more broadly at leadership meetings on modern slavery.

These leadership meetings included senior leaders from both market segments and functions where they were encouraged to educate, engage, and have input. The Board of Directors of CSP/PL also reviewed and approved the statement.

OTHER RELEVANT INFORMATION

Cummins believes its impact socially, both inside and outside the company, creates stronger communities and is partnering with expert non-profits to challenge inequality and improve education outcomes which are significant risk factors of Modern Slavery. Our programs continue our legacy of community problem solving and include;

Equality of Opportunity: Cummins has a deeply rooted commitment to removing barriers for those who have historically been denied access to opportunity, including racial and ethnic minorities, women, people with disabilities, the economically disadvantaged, immigrants and refugees, and the LGBTQ community. Cummins Powers Women a global strategic program to achieve gender equality. The program unites our leaders and employees around the world in finding solutions to gender inequality in our communities, reinforcing Cummins' commitment to the advancement of women everywhere. **Cummins Powers Women** represents a multi-million-dollar investment in proven programs designed to create large-scale change in the lives of women and girls globally and break the cycle of women and girls' exploitation. CSP/PL programs include;

- **National Aboriginal Sporting Chance Academy (NASCA):** CSP/PL partners with NASCA in collaboration to create whole communities of healthy and prosperous Aboriginal and Torres Strait Islander girls. In 2021, CSP/PL engaged in activities such as cultural awareness programs and mentoring indigenous girls as part of the career pathway program and sponsored the provision of laptops to NASCA Academies in New South Wales and Northern Territory.
- **Stars Foundation:** Stars provides a holistic program that supports Indigenous girls and young women to attend and remain engaged at school, complete Year 12 and move into full-time work or further study. In 2021, CSP/PL collaborated with the Stars Foundation to craft a program for industry immersion experience girls and young women which includes, futures forums, industry tours of facilities and mentoring in Western Australia, Northern Territory and Victoria.

Education: High quality education leads to strong social and economic outcomes for students, a skilled workforce for employers and vibrant, prosperous Cummins communities. Cummins engages in education to ensure that equitable education systems and high-quality teaching and learning environments prepare today's students for tomorrow's workforce.

- **Technical Education for Communities (TEC):** is a partner-focused global community initiative that targets the technical skills gap through vocational education programs that strengthen our local communities and markets. It helps disadvantaged youth around the world secure good jobs through school-based, industry-supported skills training. CSP/PL supported five schools in 2021 across Australia to deliver the **TEC program** to high school students in Automotive. All students come from socially disadvantaged communities, with particular focus on recruitment of females, Indigenous and refugees to the program from Western Australian, Victoria, and Queensland.
 - **Beacon Foundation:** Beacon is working to create an Australia that understands, cares and is motivated to support young people to successfully transition from education to meaningful employment. We build connections between industry, education and the community to create real world education in schools that is relevant and engaging for young people in the 21st century. Students engaged with Beacon are wholly from disadvantaged background/ community. In 2021 we engaged with Beacon in QLD, NSW, VIC and Tasmania to support their High Impact Programs which provide mentoring and education for students in year 10-12.
 - **Ardoch Foundation:** Ardoch is a children's education charity focused on improving educational outcomes for children and young people in disadvantaged communities (Refugees and Cultural minorities). In 2021 CSP/PL engaged in volunteering with Ardoch's numeracy buddies program, which is a mentor program for maths with students from a number of primary schools. This is done online in New South Wales, Victoria, and Queensland.
 - **Australian Network on Disability:** CSP/PL is both a member and partner for AND. The Australian Network on Disability brings together the experience and knowledge of hundreds of Australia's leading organizations who include people with disability as their employees and customers. In 2021 we participated in the Australian Network on Disability PACE Mentoring program in Western Australia, Victoria, and Queensland to support those with a disability to return to the workforce.
- In addition, CSP/L contributed USD186,000.00 in **Cummins Foundation** grants to the organisations discussed above and others who aligned with our focus areas of equality and education. CSP/L also contributed 3742 hours of employee volunteer time as part of our **Every Employee Every Community Program** to support the communities in which we operate

APPROVAL

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



Peter Jensen Muir

Director, Cummins South Pacific Pty Ltd and
Executive Managing Director, Cummins Asia Pacific.

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