



**MODERN
SLAVERY
STATEMENT
2022**



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INTRODUCTION

This is the third 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 2022 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. (“Cummins”), headquartered in Columbus, Indiana, U.S.A. Cummins, Inc., founded in 1919, as 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 73,600 people, who are 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 through a vast global network of company-owned, independent distributor and dealer locations. In 2022, the company earned approximately US\$2.2 billion on sales of \$28.1 billion.

CSP/PL was registered on September 25, 1984, in Australia. The head office is located at 2 Caribbean Drive, Scoresby Victoria, 3179, Australia. In 2022,

CSP/PL generated a consolidated revenue of approximately A\$ 1,168,742,000. CSP/PL has 32 owned branches 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). CSP/PL employs approximately 1,669 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 2022 the CSP/PL supply chain was made up of 1708 suppliers in Australia. The top five suppliers in Australia are from the following industries:

- 529 Retail Trade
- 187 Professional, Scientific and Technical Service
- 162 Transport, Postal and Warehousing
- 102 Manufacturing
- 363 Other Services

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 the 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 116 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 type, and geographic locations. Accordingly, a preliminary assessment of 1708 suppliers in Australia who were active in our supply chain in the 2022 calendar year was completed in December 2022.

As part of this preliminary assessment, each supplier was categorised by country, industry, and sector (either product or services) using recognised 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 its goods from Cummins' owned overseas factories and distribution centres in the USA, Europe, UK, Singapore, India, and China.

Improvements were made in 2022 to progress our ability to conduct meaningful due diligence to better

understand the risks of modern slavery in CSP/PL's supply chain. This included reviewing the risk ranking classifications and raising recommendations for improvement regarding systems and processes. For example, a recommendation was made for CSP/PL's Supplier Approval Request Form to be updated in the SharePoint system to ensure key fields are mandatory when the Form is being completed. CSP/PL is confident that when implemented, this will improve the quality of the supplier data used in the risk assessment.

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 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 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 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 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 and Compliance team and the Cummins Legal Function review all exceptions raised 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), recognising and supporting fundamental human rights. 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 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.



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 Cummins’ expectations that all suppliers (including suppliers of CSP/PL) 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. 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”.

A commitment was made in CSP/PL’s 2021 Modern Slavery Statement to include Modern Slavery risk questions into our supplier process. In consideration of this work, a Modern Slavery self-assessment questionnaire (SAQ) was sent to a pilot group of CSP/PL’s existing suppliers in 2022.

The questions focused 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
- requesting a copy of the supplier’s Modern Slavery Statement (if applicable)

Further work is being conducted in 2023 to assess the responses and follow up as appropriate.





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 its 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. There is also a QR code to access Cummins' Ethics Help Line, which has been made available internally and externally to enable easier access to raise a concern or seek guidance. 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 was reviewed and updated in 2022. This 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.

In 2022, all salaried and exempt employees in CSP/PL completed an 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.

In 2022, CSP/PL ethics investigation training was conducted. This training was provided to four (4) new Human Resource team members who support the ethics investigation process in the region. 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. In total CSP/PL has access to eighteen (18) trained ethics investigators who support reports made to the Ethics Help Line.





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. In 2022, the Human Rights training was updated and relaunched. This training was rolled out to the CSP/PL senior leadership team and employees in the manufacturing, purchasing, supply chain, legal, and human resources functions. The objectives of the training include being able to identify red flags of potential human rights violations, understanding the importance of conducting due diligence for third parties in CSP/PL's supply chain and how to report potential human rights violations.



V. SUPPLIER AGREEMENTS

In 2022, Cummins required suppliers who make up the highest spend to sign the Supplier Code of Conduct certification form, or alternatively, a long form contract containing the 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 of forced or child labour of any kind.

As noted in CSP/PL's 2021 Modern Slavery Statement, CSP/ PL's various standard terms and conditions for direct and indirect purchases were all amended to include Modern Slavery provisions. In 2022, these updated terms and conditions are being used for all new suppliers and will be available to existing suppliers via CSP/PL's purchase orders.



ASSESSING EFFECTIVENESS

CSP/PL is continually working to further develop and protect Cummins' commitment to doing business ethically. Throughout 2022:

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

CONSULTATION

CSP/PL has a cross-functional team dedicated to the Modern Slavery work, including leaders from supply chain, legal, compliance and a Six Sigma blackbelt. Throughout 2022, there were regular interactions between key areas of the business and more broadly at leadership meetings regarding Modern Slavery.

These leadership meetings included senior leaders from both market segments and functions where they were encouraged to educate, engage, and have input with respect to Modern Slavery issues. The Board of Directors of CSP/PL also reviewed and approved the 2022 statement.

OTHER RELEVANT INFORMATION

Cummins believes its impact socially, both inside and outside the company, creates stronger communities. CSP/PL is currently partnering with a number of expert non-profits to challenge inequality and improve education outcomes (which are significant risk factors of Modern Slavery). CSP/PL's 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** is a global strategic program which works toward achieving gender equality. The program unites our leaders and employees around the world, with a focus on 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 to create whole communities of healthy and prosperous Aboriginal and Torres Strait Islander girls. In 2022, CSP/PL engaged in activities such as cultural awareness programs and mentoring indigenous girls as part of the career pathway program. CSP/PL also sponsored the provision of laptops to NASCA Academies in New South Wales and the 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 2022, 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: CSP/PL believes that 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 various education programs 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 2022 across Australia to deliver the TEC program to high school students in the Automotive Industry. All students come from socially disadvantaged communities, with a particular focus on recruitment of females, Indigenous peoples 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. Beacon work to 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 2022, CSP/PL engaged with Beacon in Queensland, New South Wales Victoria, 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 (such as Refugees and cultural minorities). In 2022, 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 completed online in New South Wales, Victoria and Queensland.
- **Australian Network on Disability ("AND"):** CSP/PL is both a member and partner for the AND. The AND brings together the experience and knowledge of hundreds of Australia's leading organisations who include people with disability as their employees and customers. In 2022, CSP/PL participated in the AND PACE Mentoring program in Western Australia, Victoria, and Queensland to support those with a disability to return to the workforce.

In addition, CSP/PL contributed USD \$314,479.00 in **Cummins Foundation** grants to the organisations discussed above and other organisations who aligned with Cummins' focus areas of equality and education. CSP/PL also contributed 4,357 hours of employee volunteer time as part of our **Every Employee Every Community Program** to support the communities in which we operate.

BUSINESS ETHICS

Ethisphere is a global leader in defining and advancing the standards of ethical business practices. In 2022, Cummins included 122 honorees on its World's Most Ethical Companies list, spanning 22 countries and 45 industries. The World's Most Ethical Companies assessment process revolves around more than 200 questions on company culture, environmental and social practices, ethics and compliance activities, governance, diversity, and initiatives to support a strong value chain.

Cummins received a perfect score on the Human Rights Campaign's 2022 Corporate Equality Index which rates American businesses on their treatment of LGBTQ+ people and secured a place on the group's Best Places to Work for LGBTQ+ Equality list. The Human Rights Campaign (HRC) has championed equality for the LGBTQ+ community for 40 years

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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