



# Supplier Code of Business Conduct



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# A Message from Cummins



At Cummins, we are dedicated to exceeding customer expectations by always being first to market with the best products. We accomplish this goal, in part, through partnerships with suppliers who share

our commitment to quality and low cost, and who operate under a philosophy that focuses on integrity, compliance and doing the right thing.

Since 2005, Cummins has had a Supplier Code of Conduct that applies to businesses that provide products or services to Cummins and its subsidiaries, joint ventures, divisions or affiliates. Cummins recognizes that legal and cultural requirements vary in a global business environment, and expects that all our suppliers follow the

applicable laws of their country or territory. At the same time, the Supplier Code sets forth certain universal requirements that suppliers must follow.

The goal of this Supplier Code is to provide you with the information you need to be successful when dealing with Cummins or your own subcontractors or suppliers. The Supplier Code provides the foundation for our ongoing evaluation of a supplier and constitutes additional terms of your contract with Cummins.

If you have questions or feedback about this Code, or need any additional information or assistance, please contact your Cummins Purchasing Representative. Thank you for all you do to make Cummins successful and help us live our values in all that we do.

**Peter Anderson**

Vice President, Global Supply Chain  
and Manufacturing

# Obey the law everywhere

Cummins is a global company and we work in a very complex legal environment. But our principle is clear in this area: We will obey the law — everywhere. This principle also extends to all Cummins suppliers. We require our suppliers to comply with the laws of their countries and with all other applicable laws, rules and regulations. Many times, suppliers who do work for Cummins must also comply with certain laws of the United States even if they are located in another country. While there are many laws and regulations that companies must follow, some examples of important areas of legal compliance include:

## **Bribery/Anti-Corruption**

Cummins strictly prohibits all bribery and all of its suppliers must follow the applicable law and the Cummins policy that prohibits giving anything of value to any person or entity where the purpose is to obtain an improper business advantage.

Bribery can include not just the payment of money, but the transfer of anything of value including lavish entertainment or travel expenses, a future job offer, or political or charitable donations.

Cummins does not tolerate acts of bribery whether they involve government officials or individuals in the commercial and private sector.

## **Compliance Requirements**

- Know and follow all applicable laws and maintain awareness of any legal or regulatory changes that may impact operations.
- Ensure employees are aware of all applicable laws and put systems in place to monitor compliance.
- Provide timely responses to requests for information regarding the presence and source of conflict minerals in products supplied to Cummins.
- Visit the Cummins Supplier Portal at [supplier.cummins.com](http://supplier.cummins.com) to obtain policies on Anti-Bribery, Export Controls, Fair Competition and other legal obligations. If you have any questions about our policies, contact your Cummins contact for more information.

## **Export Control Laws**

Cummins is subject to international laws that regulate, restrict and sometimes prohibit business dealings with certain countries, entities, individuals and end-use applications. These restrictions can include controls on the export and re-export of goods or technical data to other countries or to employees with nationalities different from their location. Special rules also apply to products or technical data used in defense and military applications.

Suppliers may obtain access to certain Cummins technology, information, product or software that is regulated by these international trade control laws. Cummins expects its suppliers and subcontractors to be aware of these restrictions, not take any action that violates these regulations or Cummins policy, and work with Cummins on any necessary compliance processes and required licensing.

## **Fair Competition Laws**

Cummins competes aggressively for business but always plays within the rules. The Company's mandate in the global marketplace is to compete fairly and honestly. We ask that our suppliers compete in the same manner and abide by the laws that deal with agreements among competitors or resellers, price discrimination, price fixing, and other acts or situations that may unfairly reduce competition.

Suppliers are encouraged to follow the same standards that Cummins expects of itself:

- We get business because our products, services and people are the best.
- We do not use the confidential information of others to gain an improper business advantage.
- We do not mislead others or compromise our integrity to gain a business advantage.

## **Conflict-Free Sourcing**

As a U.S. company, Cummins is required to track the use of certain minerals known as "Conflict Minerals." Cummins encourages its suppliers that manufacture components, parts, or products containing Conflict Materials to track the use of these materials. We expect our suppliers to adopt and communicate to subcontractors their policies regarding Conflict Minerals, and where possible, require their down-stream suppliers to adopt and implement similar policies. We will work with suppliers and strive to ensure that our products do not use conflict minerals and all suppliers are required to supply information about their use of these minerals to Cummins.

# Treat people with dignity and respect

## **Human Rights**

Cummins supports internationally recognized human rights and we will comply with all applicable laws regarding the treatment of our employees and other stakeholders. We insist that our suppliers also uphold these principles and we are committed to working with all suppliers and other partners as they undertake similar assessments of their own business and develop their own approach to respecting human rights.

## **No Forced or Child Labor**

Suppliers that do business with Cummins are prohibited from using slave or involuntary labor, of any kind including prison labor, debt bondage, or forced labor by governments. Suppliers must not engage in human trafficking and must not use corporal punishment, physical or psychological abuse, threats of violence, or other forms of physical or mental coercion.

## **Compliance Requirements**

- Always maintain payroll records documenting wages, overtime pay and hours worked.
- Make sure official documentation that verifies a worker's date of birth, employment history and training history is adequately maintained. Cummins reserves the right to review this information if necessary.



Suppliers who do business with Cummins must comply with all applicable child labor laws, including those related to hiring, wages, hours worked, overtime and working conditions. Only workers who meet the applicable minimum legal age requirement in the country where they are working, or are at least 15 years old or are over the age for completion of compulsory education, whichever is greater, may be hired by a supplier. Vocational or developmental programs for young people may require an exception to the age requirements.

### **Diversity & Inclusion**

Cummins believes in recognizing and valuing our differences to deliver superior results. Bringing together people of different races, gender, education, language, viewpoints, skill sets and experience enables ideas and innovation to flourish.

Cummins expects its suppliers to be inclusive and to ensure that their employees and other stakeholders are always treated with dignity and respect. Cummins expects its suppliers to prohibit discrimination or harassment against anyone based on an individual's: ethnic descent or national origin, race or color, religion or ideology, gender, sexual orientation, gender identity and/or expression, age, disability, political or union affiliation, veteran status, citizenship, maternity, or marital status.

To best meet these expectations, suppliers should have formal policies that prohibit harassment and discrimination and should periodically review hiring and promotion practices to ensure fair treatment of all employees.

### **Wages & Hours**

Suppliers must follow all applicable laws regarding working hours, wages and overtime pay. Workers must be paid at least the minimum legal wage or a wage that meets local industry standards. Suppliers should conduct operations in ways that limit overtime to a level that ensures humane and productive working conditions.

Suppliers must pay overtime and any incentive rates required to meet standards. Hourly wage rates for overtime should be higher than the rates for the regular work shift. Workers should receive necessary time off, paid annual leave and holidays, as required by local laws.

### **Freedom of Association**

The right to freedom of association, to bargain collectively and all other workplace rights of employees must be respected by suppliers. Employees should be able to choose whether or not to join a union and should not be subject to discrimination based on that choice.

# 3 Avoid conflicts of interest

Suppliers must do business in a way that is open, transparent and with the highest integrity. There is the potential for a conflict of interest if a supplier's employee or his or her family member has a close relationship with a Cummins employee who can make decisions that will affect the supplier's business. For that reason the supplier must disclose these types of relationships to Cummins before entering into negotiations and whenever they arise.

The supplier should notify Cummins if any of its employees or its employees' family members work for Cummins, have a financial interest in Cummins, or have any kind of past or present business relationship with Cummins. To better ensure that such notifications occur, suppliers should have policies regarding conflicts arising from personal relationships and the giving and receiving of gifts and other business courtesies.

## Compliance Requirements

- Promptly notify Cummins if you become aware of any relationship that could be a conflict.
- Notify Cummins if a Cummins employee ever requests or demands a business courtesy.
- Familiarize yourself with Cummins expectations and limits in the Cummins Conflicts of Interest Policy found at [supplier.cummins.com](http://supplier.cummins.com). Refer to this policy before giving a gift or other business courtesy to any Cummins employee.





Cummins leaders join leaders from the Billion Dollar Roundtable (BDR) for the induction ceremony in 2016. BDR is a prestigious advocate for best practices in corporate supplier diversity.

### Gifts and Business Courtesies

We ask that suppliers respect the Cummins policy on conflicts of interest, which limits the giving and receiving of business courtesies. While the exchange of courtesies such as meals, entertainment and nominal gifts is a widespread business practice, these exchanges must be casual and token.

The following exchanges are never acceptable under Cummins policy:

- Any gift of cash or cash equivalents
- Any item offered with the expectation of something in return

- Any business courtesy that involves parties currently in a competitive bidding process
- Any entertainment or other business courtesy that is indecent or in violation of our Treatment of Each Other at Work policy

For all other business courtesies (meals, gifts and entertainment), the courtesy must be for a legitimate business purpose and nominal in value. Please consult the Cummins Conflicts of Interest policy on the Supplier Portal or seek guidance from your Cummins contact if you have any questions.

**In 2018, Cummins was named one of the World's Most Ethical Companies by the Ethisphere Institute. The institute evaluates companies' commitment to ethical leadership, compliance practices and corporate responsibility. It was the eleventh consecutive year Cummins received the honor.**



# 4 Provide a safe and healthy workspace

A safe and healthy working environment is a critical component of an effective partnership between Cummins and a supplier. Suppliers must comply with all applicable laws regarding working conditions. This includes worker health and safety, hygiene and sanitation, fire safety, risk protection and electrical, mechanical and structural safety.

Cummins desires to partner with all suppliers in efforts to meet our commitment to the safety and well-being of our employees. To meet that commitment, suppliers are encouraged to adhere to the following guidelines:

## **Compliance Requirements**

- Know and comply with applicable health and safety regulations.
- Provide all required training for employees, contractors and others and ensure the effectiveness of such training in a timely manner.

## **Workplace Safety**

- Provide a work environment that is well lit, ventilated and free from temperature extremes. Suppliers should assess their work environments for health and safety hazards and eliminate, control or otherwise mitigate identified risks.
- Post easy-to-follow warning signs and health and safety information signs.
- Ensure there are sufficient, clearly-marked and unimpeded exits that allow workers to evacuate in an orderly fashion in the event of a fire or other emergencies. Emergency exit routes should be posted and clearly marked in all sections of the supplier's factory.
- Make available fire alarms and adequate fire suppression for each work environment, along with adequate emergency lighting to illuminate exit routes, exits and stairwells.


## **Machine Safety**

- Equip production and associated machinery with appropriate operational safety devices, and maintain, inspect and service the machinery on a regular basis.
- Maintain strict policies that forbid the use of illegal drugs or alcohol in the factory and prohibit impaired employees from working.

- Implement and communicate a lockout-tagout program such that all machinery and equipment is to be shut-off, locked out and tagged out as appropriate when maintenance or service work is performed to avoid injury due to unexpected startup or the release of stored energy.

## **Employee Safety**

- Require appropriate personal protective equipment, such as gloves, steel-toe shoes or boots, safety glasses, goggles, hearing and respiratory protection to be used where applicable and made available to all workers at no cost. Ensure that provisions are made for storing such equipment in a hygienic manner.
- Provide safe and accessible drinking water for all workers and allow reasonable access to clean and sanitary toilet facilities throughout the working day.
- Establish a process to manage health and safety of activities performed by contractors.
- Maintain procedures for timely dealing with injuries that require medical treatment inside of the facility, as well as procedures to manage serious injuries or emergency cases that require support from outside organizations.



# Protect Cummins technology, information and intellectual property

Our technology and knowledge give Cummins a competitive edge. We must maintain this edge by partnering with our suppliers to protect our propriety information. All suppliers are responsible for safeguarding our confidential information and intellectual assets. Both Cummins and our suppliers must maintain physical and electronic security for all sensitive information. Our employees as well as each supplier's employees should use extreme care in protecting all types of sensitive information. Face-to-face confidential discussions should be conducted in a secure location.

Confidential information should not be stored in unauthorized locations, such as personal email servers or an employee's private electronic device, without proper approval.

If sensitive information is to be discussed or exchanged between Cummins and a supplier, or a supplier and a third party, the parties must first ensure that a Confidentiality or Non-Disclosure Agreement has been signed.

## **Intellectual Property**

Each supplier must ensure that its own supply network respects the intellectual property rights of others. Suppliers must take reasonable steps to ensure that their vendors, through all tiers, safeguard sensitive information. Suppliers must avoid transmitting information from other customers to Cummins without written permission.

If a supplier becomes aware of any violation of Cummins intellectual property rights, then the supplier must notify Cummins immediately. A supplier must not register any intellectual property of Cummins in the supplier's own name, nor use Cummins intellectual property for any other purposes. At the request of Cummins or at the end of a supply relationship, a supplier must return Cummins sensitive information or certify its destruction.

## Anti-Counterfeit

Cummins strives to ensure that all of its products are of the highest quality and reliability. Therefore, Cummins must prevent the use of counterfeit parts in its products and has processes to detect and report counterfeit parts or suspected counterfeit parts that may appear in the supply chain.

Suppliers have a responsibility to know the origins of all parts and materials and to ensure their authenticity. Suppliers must respond to requests for information regarding the source of any parts or materials.

## Personal Data & Privacy

Cummins is committed to protecting the privacy and personal data of our employees and customers. Cummins ensures that when collecting or transferring personal data, the local laws, Cummins Data Privacy Policy and Cummins security requirements are followed. Suppliers that handle employees' and customers' personal data must comply with all regulatory requirements and must meet Cummins security standards prior to handling the personal data.

## Compliance Requirements

- Do not print or download confidential Cummins documents without permission from a Cummins contract manager or the appropriate document owner.
- No Cummins confidential information should be stored on a USB "thumb" drive or other portable device, nor should it be transmitted using unsecured means, such as personal email accounts, text messaging, instant messaging or social media.
- Avoid using the Cummins brands, including registered and unregistered trademarks, without the written authorization of Cummins.
- In order to protect our intellectual property and assets, Cummins has established the following data classification guidelines:
  - Restricted Confidential
  - Confidential
  - Internal Use Only
  - Public
- When Cummins indicates that data is a certain classification with specific security requirements, suppliers must protect Cummins' data accordingly. Cummins expects suppliers' own data classification and protection policies to meet or exceed Cummins minimum data classification and security standards.



# Protect the environment and conserve natural resources

As our global reach grows, so does our responsibility to ensure our actions around the world reflect a commitment to the environment. We expect Cummins suppliers and their subcontractors to comply with all applicable environmental laws, regulations and standards.

It is important that suppliers manage compliance, minimize environmental impact and drive continual improvement of environmental compliance. Suppliers must maintain documentation to be able to respond to requests for information including but

not limited to resource consumption, emissions, compliance, environmental risks and liabilities and other environmental sustainability metrics.

Suppliers should have procedures for notifying community authorities in case of an accidental discharge or release of hazardous materials into the environment, or in case of any other environmental emergency.

Suppliers should implement an audit program for compliance to applicable environmental regulations and standards, including a means to ensure corrective actions and avoidance of recurrence.

## **Product Safety & Prohibited Substances**

Product safety is a top priority at Cummins. Certain substances such as asbestos, cadmium and hexavalent chromium are prohibited in Cummins products. These rules apply to all Cummins entities and all suppliers that provide any product or service to any Cummins entity including subsidiaries, joint ventures, partnerships and company-owned distributors.

Suppliers are wholly responsible for the end product provided to Cummins irrespective of how many sub-suppliers (Tier 2, 3 etc.) may be in the supply chain flow. For more information, including a list of prohibited substances, please see the *Cummins Suppliers Guide: Prohibited and Restricted Substances* under Environmental Stewardship at [supplier.cummins.com](http://supplier.cummins.com).

# Your role in enforcing this code

Any code of conduct is only as effective as the efforts to enforce it. Cummins expects its suppliers to comply with the conditions of the Supplier Code of Conduct and maintain a system to monitor compliance.

Suppliers must take the necessary steps to ensure that its employees understand and comply with the Code, including communicating the details of the Code to employees annually in the local language of the business. Suppliers must ensure that its suppliers and subcontractors who work on Cummins business are aware of and comply with this Code.

Cummins may visit supplier facilities, review supplier documentation and conduct a full audit if necessary to ensure compliance with this Code. If Cummins determines that a supplier has violated this Code, the supplier must provide information relating to the incident(s) and show within 30 days the corrective actions taken. Cummins will follow up to make sure the condition has been corrected. Cummins reserves the right to terminate agreements with suppliers for non-compliance or for violations of law.

## Compliance Requirements

- Keep documentation relating to compliance with this Code and provide Cummins access to that documentation upon request. Compliance documentation of sub contractors shall also be maintained.
- Establish a process and policy giving employees a way to raise concerns without fear of retaliation. Where allowed by law, maintain a system that allows for anonymous reporting of concerns.

If an employee at a Cummins supplier has a concern about a potential violation of this Code that a supplier has not addressed, they may report it to Cummins directly. Contact information for reporting potential Code violations is available on the Cummins Supplier Portal at [supplier.cummins.com](http://supplier.cummins.com).





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