



# Supplier Code of Conduct

**Ethics Driven — Every Time**

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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 and doing the right thing.

Since 2005, the Company has had a Supplier Code of Conduct that applies to businesses that provide products or services for 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 also are expected to follow.

These requirements are consistent with Cummins' values and the expectations the company places on its own employees. The Code provides the foundation for Cummins' ongoing evaluation or audit of a supplier and constitutes additional terms of the Sourcing Agreement.

If you have questions about this Code, please contact the Cummins Purchasing Representative for more information.

# 1. Suppliers must follow the law

Suppliers for Cummins must 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. Those may include:

## **Export Control Laws**

Cummins is subject to laws that regulate, restrict and sometimes prohibit business dealings with certain countries, entities and individuals. These restrictions include controls on the export and re-export of goods that originate in the U.S. or that contain U.S. parts, components or assemblies. Special rules apply to products or technical data used in any type of military application. Suppliers must be aware of these restrictions and must not take any action that violates U.S. or any other country's laws and regulations.

## **Bribery/Corruption of Government Officials and Private Individuals**

Cummins strictly prohibits all bribery. Suppliers must follow all anti-bribery laws throughout the world and educate their employees about compliance with these laws.

## **Fair Competition and Anti-trust Compliance**

Suppliers must comply with local anti-trust or anti-competition laws and regulations. These laws deal with agreements among competitors or resellers, price discrimination and other acts or situations that may unfairly reduce competition.

**Suppliers who have any questions about legal requirements and restrictions should contact Cummins for more information.**

## 2. Suppliers must treat all people with dignity and respect

### **Commitment to Diversity and Equal Employment Opportunity**

Cummins believes in the value of diversity. Diversity in skill sets and perspectives enables teams to think in many dimensions. Bringing together people of different races, gender, education, language, viewpoint and experience achieves richness in ideas.

Cummins expects its suppliers to be inclusive and to ensure that its employees and other stakeholders are always treated with dignity and respect. Cummins expects its suppliers to prohibit discrimination based on race, color, gender, nationality, religion, age, disability, union membership, maternity, sexual orientation, gender identity and/or expression or marital status. No employee of Cummins or a supplier should take part in harassing behavior - such as sexual or racial harassment or any behavior that creates a hostile or offensive work environment for others.

### **No Forced or Child Labor**

A supplier must not use involuntary labor of any kind, including prison labor, debt bondage or forced labor by governments. Only workers who meet the applicable minimum legal age requirement in the country where they are working or are at least 14 years old, whichever is greater, may be hired by a supplier. Additional standards include the following:

- A. A supplier must comply with all applicable child labor laws, including those related to hiring, wages, hours worked, overtime and working conditions. Vocational or developmental programs for young people may require an exception to the age requirements.
- B. The supplier must maintain official documentation that verifies a worker's date of birth, employment history and training history. Cummins reserves the right to review this information if necessary.

### **Wages and 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.

The supplier must pay overtime and any incentive rates that meet all legal requirements or the local industry standard. 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.

### **Commitment to Freedom of Association**

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

### **Reporting of Concerns**

The supplier should have a policy that prohibits inappropriate conduct and a policy giving employees a way to raise concerns without fear of retaliation and a process for investigation and resolution of incidents. Where allowed by law, the supplier should have a system that allows for anonymous reporting of concerns.

### 3. Suppliers must do business fairly and honestly and 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.

The supplier should notify Cummins if any of its employees or its employees' family members work for Cummins or have any kind of past or present business relationship with Cummins.

## 4. Suppliers must protect the environment

Suppliers must comply with all applicable environmental laws and regulations. If these requirements are less stringent than Cummins' requirements, the supplier will be encouraged to meet the standards outlined below:

- A. The supplier should work to minimize environmental impact through a program similar to ISO 14001.
- B. The supplier should have procedures for notifying local community authorities in case of an accidental discharge or release of hazardous materials into the environment, or in the case of any other environmental emergency.
- C. The supplier must store hazardous and combustible materials in secure and ventilated areas and dispose of them in a safe and legal manner.
- D. The supplier should monitor, measure and reduce greenhouse gas emissions and manage ozone-depleting compounds in a manner that meets standards such as the Montreal Protocols.
- E. The supplier should establish programs to minimize industrial waste and promote recycling.
- F. The supplier should maintain emission and discharge permits that monitor compliance.

## 5. Suppliers must provide a safe working environment

A safe working environment is a critical component of an effective partnership between Cummins and a supplier. To that end, the following guidelines apply:

- A. The supplier must comply with all applicable laws regarding working conditions, including worker health and safety, sanitation, fire safety, risk protection and electrical, mechanical and structural safety by implementing an employee safety management system such as OHSAS 18001.
- B. The work environment should be well lighted, ventilated and free from temperature extremes.
- C. There must be sufficient, clearly marked 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. Fire alarms and extinguishers should be placed on each floor, along with emergency lights above exits and on stairwells.
- D. Production machinery must be equipped with operational safety devices, and must be inspected and serviced on a regular basis.
- E. The supplier should have strict procedures that prevent the use of illegal drugs or alcohol in the factory and that prevent impaired employees from working.
- F. Appropriate personal protective equipment, such as gloves, rubber boots, safety glasses, goggles, ear plugs and ear muffs should be used where applicable and made available to all workers at no cost.
- G. A supplier must provide safe and accessible drinking water for all workers and allow reasonable access to clean and sanitary toilet facilities throughout the working day.
- H. The supplier must have procedures for 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.

## 6. Suppliers must protect Cummins technology, information and intellectual property.

The secure use and distribution of information and data in the workplace is critical to Cummins' and a supplier's success in a competitive marketplace. Both parties must maintain physical and electronic security for all confidential information. Each party's employees should use extreme care in protecting confidential or proprietary information of any kind. Face-to-face confidential discussions should be conducted in a secure location.

If confidential information is to be discussed or exchanged between Cummins and the Supplier, or the Supplier and a Third Party, the parties must first ensure that a Confidentiality or Non-Disclosure Agreement has been signed and is being complied with.

## 7. Suppliers must assist Cummins in enforcing this Code

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

Suppliers also must make an effort to communicate the principles of the Supplier Code with their employees and take the necessary steps to ensure understanding and compliance – including communicating the details of the code to employees annually in the local language of the business.

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 actions taken to correct the condition. Cummins will follow up to make sure the condition has been corrected. Cummins reserves the right to conduct a full audit if necessary to ensure compliance.

Cummins requires that all suppliers attest to their compliance with Supplier Code. At the same time, Cummins recognizes that many of its suppliers have codes of conduct that cover most or all of the principles above. In those cases suppliers can provide evidence of their own Code of Conduct to meet the intent of this requirement. The Cummins Law Department will decide if the Supplier's Code meets the requirements of this document.

Please contact your Cummins purchasing representative if you have any questions about the Supplier Code.