

CUMMINS INC. -- SUPPLIER CODE OF CONDUCT – Detailed

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.

To assist suppliers in understanding Cummins expectations, the Company has a Supplier Code of Conduct, which applies to all businesses that produce goods or provide services for Cummins and any of its subsidiaries, joint ventures, divisions or affiliates.

While Cummins recognizes that legal and cultural requirements vary in a global business environment, the Code sets forth certain universal requirements that suppliers are expected to follow.

The Code provides the foundation for Cummins ongoing evaluation or audit of a Supplier and constitutes additional terms of the Sourcing Agreement. It also deals with a Supplier's workers, including any individual who provides direct service to the Supplier, whether full-time, part-time, temporary or occasional employment.

1. General Principle

Suppliers that produce goods for Cummins must comply with the laws of their countries and with all other applicable laws, rules and regulations, including those related to labor, worker health and safety and the environment.

2. 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 understand and reduce the production of Hazardous Substances and Waste Electrical and Electronic Equipment, such as the European End-of-Life Vehicle Directives (ELV).
- E. 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.
- F. Where feasible, the Supplier should use less hazardous alternatives.
- G. The Supplier should establish and maintain programs directed at minimizing industrial waste and recycling.
- H. The Supplier should maintain emission and discharge permits that monitor compliance.

3. Equal Employment Opportunity and Treatment of Others

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.

People are diverse in many ways, not just gender, skin color or ethnic background. People think and act differently and have dissimilar values – all of which can contribute to feelings of exclusion in the workplace or social setting. Making sure that everyone has a voice can lead to solutions that address real-time problems.

To that end, Cummins expects suppliers to employ workers based on the following standards:

A. A worker's employment, wages and benefits should not be based on race, color, gender, nationality, religion, age, maternity, sexual orientation, gender identity and/or expression or marital status.

B. The Supplier should demonstrate his or her best efforts to achieve a high level of visible diversity in the workforce.

Similarly, employees should be treated with dignity and respect in the workplace. For that reason, the Supplier should have a policy that prohibits inappropriate conduct and a process for anonymous disclosure, investigation and resolution of incidents that breach the policy.

No employee of Cummins or a Supplier should take part in harassing behavior or create a hostile or offensive work environment.

4. Forced Labor

A Supplier must not use involuntary labor of any kind, including prison labor, debt bondage or forced labor by governments.

5. Child Labor

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 should encourage eligible workers, especially younger workers, to participate in the Supplier's work-study programs and government-sponsored educational programs.
- C. The Supplier must maintain official documentation that verifies a worker's date of birth, employment history and training history.

6. Wages and Hours

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

Other requirements include the following:

- A. 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.
- B. As a general rule, workers should have at least one day off in seven. A Supplier should not require, on a regularly scheduled basis, a work week in excess of 60 hours.
- C. Workers should receive paid annual leave and holidays as required by local laws.

7. Working Conditions

A safe environment, in which all workers are treated with dignity and respect, is a critical component of an effective partnership between Cummins and a Supplier. To that end, the following guidelines apply:

- A. The Supplier should maintain a similar employee safety management system such as OHSAS 18001.
- B. The Supplier must not engage in or permit physical punishment of employees or in psychological coercion or any other form of non-physical abuse, including threats of violence, sexual harassment, screaming or other verbal assaults.
- C. 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.
- D. The work environment should be well lighted and sufficient for the safe performance of production activities. The work setting should be well ventilated and free from temperature extremes.
- E. 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 should be placed on each floor, along with emergency lights above exits and on stairwells. Evacuation drills should be held annually.
- F. Aisles, exits and stairwells should be kept clear of objects that could obstruct the orderly evacuation of workers in case of fire or other emergencies. Doors and other exits must be accessible and unlocked during working hours for orderly evacuation. All main exit doors must open to the outside.
- G. Appropriate fire extinguishers should be highly visible and mounted on walls and columns throughout the Supplier's factory. The extinguishers should be regularly maintained and charged and display the date of their last inspection.
- H. Production machinery must be equipped with operational safety devices, and must be inspected and serviced on a regular basis.

I. The Supplier should have strict procedures that prevent the use of illegal drugs or alcohol in the factory and that stop impaired employees from working.

J. Appropriate personal protective equipment, such as gloves, rubber boots, safety glasses, goggles, ear plugs and ear muffs should be used where applicable at no cost to all workers. Instructions should be provided on the use of personal protective equipment in the process documentation.

K. A Supplier must provide safe drinking water for all workers and allow reasonable access to it throughout the working day.

L. A Supplier must maintain clean and sanitary toilet facilities, and place no unreasonable restrictions on their use during working hours.

M. The Supplier must have procedures for dealing with injuries that require medical treatment inside of the factory, as well as procedures to manage serious injuries or emergency cases that require support from outside organizations.

8. Freedom of Association

The Supplier should respect all local laws regarding employees' freedom of association and should not take unlawful actions to interfere with employees' rights.

9. Political Activity

Cummins restricts the use of its name in political activity at any level. Therefore, Suppliers may not be involved in political activity as a representative of Cummins or use the name of Cummins to participate in legislative or referendum campaigns.

10. U. S. Export Laws

As a U. S.-based company, 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 exports and re-exports of goods that originate in the U. S. or that contain U. S. parts, components or assemblies. Suppliers must be aware of these restrictions and must not take any action that violates U. S. laws and regulations.

11. Bribery/Corruption of Government Officials

The Supplier must follow all anti-bribery laws throughout the world and educate his or her employees about compliance with these laws. In addition, the Supplier must comply with anti-bribery laws with regard to maintaining books and records.

12. Antitrust Compliance

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

If a Supplier is under investigation for actions related to the anti-trust laws, he or she must notify Cummins immediately.

13. Conflict of Interest

There is the potential for a conflict of interest, if a Supplier employee or his or her family member has a 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.

Additionally, the Supplier should have no employees with family members who work for Cummins and could influence business transactions involving the Supplier.

14. Information Security

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, the parties must first ensure that a Confidentiality Agreement has been signed and is being complied with.

Administration – Communication, Monitoring and Enforcement

All Suppliers must comply with this Code as a condition of doing business with Cummins. Cummins will maintain a system to assess and ensure compliance. A letter of compliance will be required.

Cummins understands that many Suppliers have codes of conduct that cover most or all of the principles listed above; Suppliers can use their own Code of Conduct to meet the intent of this requirement.

The supplier must establish a proactive process to ensure compliance with the intention of the Code of Conduct. The Supplier must establish a system to communicate the code annually in the local language.

The supplier should make provisions for workers to anonymously report violations of the Code without retribution.

The actions of third party agents or representatives (including government representatives) will be considered to be the actions of the Supplier for the purposes of 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 actions taken to correct the condition. Cummins will follow up to commitments to correct the condition.