

The Fighting Against Forced Labour and Child Labour in Supply Chain Report (2023)

ABOUT THIS REPORT

Cummins Canada ULC¹, Hydrogenics Corporation, and Meritor Aftermarket Canada Inc. have prepared this report (the "**Report**") being submitted pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year ended December 31, 2023.² This is a joint Report made on behalf of Cummins Canada ULC, Hydrogenics Corporation, and Meritor Aftermarket Canada Inc. (the "Cummins Reporting Entities") identified in the table below (collectively, "we", "us" or "our" or "Cummins").

Cummins Reporting Entities

Cummins Canada ULC

Hydrogenics Corporation

Meritor Aftermarket Canada Inc.

This Report describes the continued efforts being taken to ensure transparency in our supply chains by outlining the steps taken during the 2023 financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.³

The Report has been prepared by a cross functional team and has been approved by the Reporting Entities respective Boards of Directors. The information provided in this Report generally applies to all Cummins Reporting Entities except where otherwise indicated.

INTRODUCTION

We are proud of our longstanding commitment to integrity and the highest ethical standards.

All members of the Cummins family, from our directors, officers and employees, to our distributors, subsidiaries and affiliates, continually work to develop and protect this commitment to doing business ethically. The Company's commitment to those standards and values is defined in the Code of Business Conduct.

Cummins believes that a sustainable company is built on a foundation of good governance that promotes ethical behavior at all levels. The Ethics and Compliance organization, established at the parent level, focuses on helping Cummins maintain its tradition as an ethical company.

¹ Doing business as Cummins Western Canada.

² The Cummins Reporting Entities' Financial Year is from January 1 to December 31.

³ The Cummins' Reporting Entities do not report in other jurisdictions under similar regimes. However, other Cummins Inc. entities report in: Australia, California, Norway, and the United Kingdom.

COMPANY STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

Company Structure

The Cummins Reporting Entities are indirect wholly owned subsidiaries of Cummins Inc., headquartered in Columbus, Indiana. Cummins Inc., founded in 1919, as a global technology leader, designing, manufacturing, distributing, and servicing a broad portfolio of clean power solutions. Cummins Inc.'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 Inc. sells its products to original equipment manufacturers, distributors, dealers and other customers worldwide. Cummins Inc. serves its customers through a service network of approximately 460 wholly owned, joint venture and independent distributor locations and more than 10,000 Cummins certified dealer locations in approximately 190 countries and territories.

Cummins Inc. employs approximately 73,600 people globally, including approximately 23,400 employees that are represented by various unions under collective bargaining agreements who are committed to powering a more prosperous world through three global responsibility priorities critical to healthy communities: education, environment, and equality of opportunity.

Cummins Canada ULC, headquartered in Vancouver, British Columbia, is one of the approximately 460 wholly owned, joint venture and independent distributor locations and more than 10,000 Cummins certified dealer locations in approximately 190 countries and territories, that comprise Cummins Inc.'s global distribution network.

Cummins Canada ULC provides sales and aftermarket support to customers across Canada and is comprised of a dedicated, professional team of over 1000 employees committed to ensuring an exceptional customer experience.

Hydrogenics Corporation, also referred to as Accelera by Cummins ("**Accelera**"), is a developer and manufacturer of hydrogen generation and fuel cell products based on water electrolysis and proton-exchange membrane ("**PEM**") technology. Accelera is divided into three business units: e-Mobility, Electrolyzers, and Fuel Cells.

Meritor Aftermarket Canada Inc. ("**Meritor**") provides a wide range of industry-leading drivetrain systems, including axles, brakes, suspensions, drivelines, and aftermarket parts, for the commercial vehicle and industrial markets. Meritor has multiple locations in Canada including Vancouver, British Columbia, Brampton, Ontario and Mississauga, Ontario. Cummins Inc. acquired Meritor in 2022.

Activities

Cummins Inc. has five complementary operating business units: Engine, Components, Distribution, Power Systems and Accelera. These business units share technology, customers, strategic partners, brand recognition and Cummins Inc.'s distribution network to compete more effectively and efficiently in their respective markets.

Engine

The Engine business unit manufactures and markets a broad range of diesel and natural gas-powered engines under the Cummins brand name, as well as under certain customer brand names, for the heavy and medium duty truck, bus, recreational vehicle, light-duty automotive, construction, mining, marine, rail, oil and gas, defence and agricultural markets.

Components

The Components business unit supplies products which complement the Engine and Power Systems business unit, including aftertreatment systems, turbochargers, transmissions, filtration products, electronics, fuel systems, axles, drivelines, brakes and suspension systems for commercial diesel and natural gas applications. This business unit is organized around several businesses, including the axles and brakes business ("**Axles and Brakes**").

Axles and Brakes designs, manufactures, and supplies drivetrain systems, including axles, drivelines, brakes and suspension systems primarily for commercial vehicle and industrial applications. It also markets and sells truck, trailer, on- and off-highway and other products principally for OEM dealers and other independent distributors and service garages within the aftermarket industry.

Distribution

The Distribution business unit is Cummins Inc.'s primary sales, service and support channel. The Distribution business unit serves our customers and certified dealers through a worldwide network of wholly-owned, joint venture and independent distribution locations.

Distribution's mission encompasses the sales and support of a wide range of products and services, including power generation systems, high-horsepower engines, heavy-duty and medium-duty engines designed for on- and off-highway use, application engineering services, custom-designed assemblies, retail and wholesale aftermarket parts and in-shop and field-based repair services. It also provides selected sales and aftermarket support for the Accelera business.

Power Systems

The Power Systems business unit is a provider of integrated power solutions through the design, manufacturing, and sales of standby and prime power generators; diesel and natural gas high-speed, high-horsepower engines for industrial markets; and alternators, switchgear and other critical power components.

Accelera

The Accelera business unit designs, manufactures, sells and supports hydrogen production solutions as well as electrified power systems with innovative components and subsystems, including battery, fuel cell and electric powertrain technologies. The Accelera business unit is currently in the early stages of commercializing these technologies with efforts primarily focused on the development of our electrolyzers for hydrogen production and electrified power systems and related components and subsystems.

Supply Chain

The performance of Cummins Inc.'s end-to-end supply chain, extending through to our suppliers, is foundational to our ability to meet customers' expectations and support long-term growth. Like Cummins Inc., we are committed to having a robust strategy for selecting and managing our suppliers. As a result, our supplier base is continuously evaluated and, as necessary, upgraded.

Cummins Inc. employs a combination of proactive and reactive methodologies to enhance its understanding of supply chain risks, which guide the development of risk monitoring and sourcing strategies. This approach supports the review of long-term needs and guides decisions on what will be made internally and what will be purchased externally. For the items that are purchased externally, the strategies also identify the suppliers that should be party to long-term supply agreements to provide the highest supply chain performance. Key suppliers are managed through long-term supply agreements that seek to enhance the stability of the supply chain over an extended period.

Other important elements of the sourcing strategy include considerations related to child and forced labour such as:

- Instituting a risk management scope that includes sub-tier value chain suppliers;
- Selecting and managing suppliers to comply with our Supplier Code of Conduct; and
- Assuring our suppliers comply with our prohibited and restricted materials policy.

We, through Cummins Inc., continually monitor the integrity of our supply chain using early detection technology complemented by structured supplier risk and resiliency assessments. This process has increased the frequency of formal and informal supplier engagement to address potentially impactful supply base constraints and enhanced collaboration to develop specific countermeasures to mitigate risks, including those related to child and forced labour. Cummins Inc.'s global team, located in different geographic regions, use various approaches to identify and resolve threats to the supply chain.

In 2023, the Cummins Reporting Entities supply chains consisted of suppliers predominately located in North America, Europe, China, and India in the automotive, manufacturing, and energy industries.

POLICIES AND DUE DILIGENCE

The policies set out in this section apply to all suppliers and sub-tier suppliers of products and services to Cummins Inc. Additionally, for the purposes of these policies, Cummins shall mean and include Cummins Inc., its affiliates, including without limitation its joint ventures, subsidiaries, and distributors, including the Cummins Reporting Entities.

[Code of Business Conduct \(the "Code"\)](#)

"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." – Code at p. 8.

The Code outlines 10 "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 includes provisions prohibiting forced labor or child labour.

The Code, which is available for download in 16 different languages, provides Cummins employees globally with a practical guide to doing the right thing and reinforces the values that have made Cummins an industry leader for more than 100 years. The Code states:

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 that they are properly managed and documented.

Supplier Code of Business Conduct (the "Supplier Code")

"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." – Supplier Code at p. 5.

Cummins' Supplier Code demonstrates the value Cummins places on 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". The Supplier Code outlines Cummins' expectations that all suppliers 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 Supplier Code applies to all businesses that produce goods or provide services for Cummins and any of its subsidiaries, joint ventures, divisions, or affiliates.

The Supplier Code is available in 15 languages and outlines seven principles to support Cummins objective of doing business with other companies around the world that share its sustainable practices. These provisions include wages, hours, working conditions, freedom of association, political activity, bribery/corruption of government officials, and banning child or forced labour. Cummins requires compliance with the principles of the Supplier Code to do business with Cummins.

Supplier Code of Conduct Response Form

Cummins suppliers are required to sign a Supplier Code of Conduct Response form (the "**Form**") agreeing to comply with the Supplier Code, or affirmatively set forth a reason why they are unable to comply. Cummins reviews the Form to ensure that it meets the intent of the Supplier Code. If

Cummins concludes that the supplier is not in compliance based on the Form, Cummins will work with the supplier to (a) develop a plan to attain compliance, or (b) work on an exit strategy. If the supplier agrees to take the appropriate steps to comply, Cummins will monitor the supplier's action until all those required have been taken.

Cummins requires suppliers that make up the top 80% of procurement spend to sign the Form or a contract that contains language from the Supplier Code, which requires suppliers to comply with applicable laws and regulations and includes prohibiting the use of child or forced labour of any kind.

Supplier Audits

To verify that suppliers remain in compliance with the Supplier Code, Cummins conducts supplier audits. The informal audit is conducted by Cummins personnel and the supplier is not notified before or during the audit. Cummins management will contact the supplier's management to inform them of all negative audit scores and Cummins will develop a corrective action plan with the supplier. If any inappropriate behaviours or conditions are observed during the audit, the situation is reviewed with the Cummins legal department for appropriate action.

Supplier Forced Labour Prevention Policy

In May 2023, Cummins released a new Supplier Forced Labour Prevention Policy requiring supply partners to provide full supply chain transparency as requested by tracing the supply chain from raw materials to the parts they provide to Cummins. Suppliers are required to provide information such as: a detailed description of their supply chain; the role(s) of the entities in the supply chain (including shippers and exporters); a list of suppliers associate with each step of the production process, including names and contact information; and affidavits from each entity involved in the production process.⁴

Additionally, Cummins requires all suppliers to immediately notify Cummins if it becomes aware of a stopped shipment for any of the supplier's customers, where the shipment was stopped for concerns relating to forced labour.

Cummins will investigate any indications that a supplier is engaging in Forced Labor or is not complying with this policy. Cummins will suspend any new business with suppliers during an investigation.

Human Rights Policy

In March 2018, Cummins adopted a Human Rights Policy (the "**HR Policy**") which applies to all Cummins employees and entities worldwide recognizing and supporting fundamental human rights. The HR Policy prohibits the use of all forms of forced labour and child labour (including threat of force or penalty), indentured labour, bonded labour, military labour, slave labour and any form of human trafficking.

The HR 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 Guiding Principles on Business and Human Rights and the United Nations Global Compact.

⁴ The supply chain tracing requirements can be found [here](#).

Cummins is a signatory to the United Nations Global Compact and its underlying principles on human rights, labour rights, environmental rights, and anti-corruption.

POTENTIAL RISKS OF FORCED LABOUR OR CHILD LABOUR IN OUR OPERATIONS AND SUPPLY CHAINS

In 2023, as part of Cummins' ongoing efforts to fight the presence of child and forced labour in supply chains, Cummins, among other things:

- Developed a communication plan for Procurement;
- Implemented weekly team meetings between Procurement, Supply Chain, Legal, Trade Compliance and Meritor;
- Engaged a third party to conduct a supply chain analysis;
- Developed a Category Risk Segmentation for Supply Chain Mapping Prioritization
- Updated its contractual terms in its Master Services Agreements;
- Released the Supplier Forced Labour Policy; and
- Published the Supplier Forced Labour Prevention Policy.

Potential Risks in Our Operations

Cummins considers the risk of child and forced labour occurring within the Cummins Reporting Entities operations to be low considering our workforce and Cummins' robust policies and procedures that govern recruitment / labour sourcing, working conditions and the ethical treatment of our employees.

From a geographical risk perspective, our employees operate in Canada only, which has a low prevalence of child and forced labour, a low risk of vulnerability to child and forced labour and a fairly robust governmental response addressing child and forced labour.⁵ Moreover, our workforce primarily consists of skilled, qualified, and experienced individuals.

Potential Risks in Our Supply Chain

We recognize that the risk of modern slavery is higher within our supply chains than in our operations. We understand that particular regions, products and raw materials carry a higher risk of child and forced labour because of the prevalence of child and forced labour in particular countries. There are also risks linked to certain industries even in countries considered to have lower risks of child and forced labour. Accordingly, our supply chains are subject to assessment for risks of child and forced labour by Cummins Inc.'s Global Supply Risk team. These assessments consider a combination several factors including category, industry, country, and supplier management risk profiles.

Based on our assessment of our operations and supply chains as it relates to the risk of forced labour or child labour being used, we did not identify any instances of child or forced labour.

⁵ Walk Free, Global Slavery Index 2023, found [here](#).

Accordingly, no steps were required to remediate child or forced labour, or the loss of income associated with remediation efforts.

Management and Mitigation of Potential Risks

In addition to mitigating potential risks inherent to supply chains as described throughout this Report, Cummins believes its impact socially, both inside and outside the company, creates stronger communities. With Cummins Inc., we are currently partnering with various stakeholders to challenge inequality and improve education outcomes (which are significant risk factors of child and forced labour). These programs continue the 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 towards achieving gender equality. The program unites our leaders and employees around the world, with a focus on finding solutions to gender equality 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.
- **Education:** Cummins 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 to prepare today's students for tomorrow's work force.

TRAINING

Cummins Inc. 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 online training applies to the Cummins Reporting Entities and is available for all employees; however, it is mandatory training for the following functions: Legal, Internal Audit, Ethics and Compliance, and Supply Chain, Planning, Purchasing, Manufacturing, Logistics, Health and Safety, and Quality.

The objectives of the training include being able to identify red flags of potential human rights violations, understand the importance of conducting due diligence for third parties in Cummins' supply chain and how to report potential human rights violations.

Additionally, we require employees to comply with, and have training on, the Cummins Code of Business Conduct, which includes provisions prohibiting forced or child labour.

ASSESSING EFFECTIVENESS

In collaboration with Cummins Inc., we are continually working to further develop and protect our commitment to doing business ethically. To measure the effectiveness of the work in this area,

targeted suppliers are confirmed to have certified compliance with the Cummins Supplier Code and informal audits are conducted on suppliers globally to verify that suppliers remain in compliance with the Supplier Code. We intend to seek continuous improvement by planning to evaluate processes to identify suppliers which present human rights violation risks.

Throughout 2023:

- 100% of the top 80% of suppliers who make up the highest spend were required to certify their intent to comply with the Supplier Code.
- 100% of salaried and exempt employees completed their ethics certification.
- 99% of individuals in Cummins Inc.'s Procurement department completed Human Rights Training.

In 2024, we intend to continue to track the above metrics. We also periodically review our policies and procedures to continue to evaluate their effectiveness.

BOARD OF DIRECTORS APPROVAL AND ATTESTATION

This Report was Approved by the Board of Directors of Cummins Canada ULC, Hydrogenics Corporation, and Meritor Aftermarket Canada Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Joseph Rigler
Joseph Rigler (Apr 16, 2024 10:32 GMT+1)

I have the authority to bind Cummins Canada ULC.

Joseph Rigler
Director, Cummins Canada ULC

Date: Apr 16, 2024

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the

report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Nick Arens

Nick Arens (Apr 17, 2024 19:22 EDT)

I have the authority to bind Hydrogenics Corporation.

Nicholas Arens

Director, Hydrogenics Corporation

Date: Apr 17, 2024

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Donald Jackson

Donald Jackson (Apr 15, 2024 17:45 EDT)

I have the authority to bind Meritor Aftermarket Canada Inc.

Donald Jackson

Director, Meritor Aftermarket Canada Inc.

Date: Apr 15, 2024

Canada Forced Labour Report 2023

Final Audit Report

2024-04-17

Created:	2024-04-15
By:	Debra Baugh (sj909@cummins.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAALkc7oXcfcktnfGtD1dNrx7ONrKkOKRdV

"Canada Forced Labour Report 2023" History

-  Document created by Debra Baugh (sj909@cummins.com)
2024-04-15 - 7:42:47 PM GMT- IP address: 155.190.17.5
-  Document emailed to joseph.rigler@cummins.com for signature
2024-04-15 - 7:47:58 PM GMT
-  Document emailed to nicholas.arens@cummins.com for signature
2024-04-15 - 7:47:58 PM GMT
-  Document emailed to donald.jackson@cummins.com for signature
2024-04-15 - 7:47:59 PM GMT
-  Email viewed by donald.jackson@cummins.com
2024-04-15 - 9:44:18 PM GMT- IP address: 104.47.55.126
-  Signer donald.jackson@cummins.com entered name at signing as Donald Jackson
2024-04-15 - 9:44:59 PM GMT- IP address: 155.190.17.5
-  Document e-signed by Donald Jackson (donald.jackson@cummins.com)
Signature Date: 2024-04-15 - 9:45:01 PM GMT - Time Source: server- IP address: 155.190.17.5
-  Email viewed by joseph.rigler@cummins.com
2024-04-16 - 9:30:02 AM GMT- IP address: 104.47.55.126
-  Signer joseph.rigler@cummins.com entered name at signing as Joseph Rigler
2024-04-16 - 9:32:15 AM GMT- IP address: 155.190.33.31
-  Document e-signed by Joseph Rigler (joseph.rigler@cummins.com)
Signature Date: 2024-04-16 - 9:32:17 AM GMT - Time Source: server- IP address: 155.190.33.31
-  Email viewed by nicholas.arens@cummins.com
2024-04-17 - 11:22:02 PM GMT- IP address: 104.47.58.126



Powered by
Adobe
Acrobat Sign

 Signer nicholas.arens@cummins.com entered name at signing as Nick Arens

2024-04-17 - 11:22:42 PM GMT- IP address: 155.190.17.4

 Document e-signed by Nick Arens (nicholas.arens@cummins.com)

Signature Date: 2024-04-17 - 11:22:44 PM GMT - Time Source: server- IP address: 155.190.17.4

 Agreement completed.

2024-04-17 - 11:22:44 PM GMT



Powered by
Adobe
Acrobat Sign