

Cummins Filtration Inc.'s Supply Chains Act Report (2023)

ABOUT THIS REPORT

Cummins Filtration Inc. ("**CFI**") has 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 (the "**Reporting Period**").

This Report describes the efforts being taken to promote 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.

This Report has been prepared by a cross functional team and has been prepared in consultation with Cummins Inc. ("**Cummins**") due to our relationship during the Reporting Period, as set out below under "Company Structure".

INTRODUCTION

Founded by Cummins in 1958, but independent in 2023, we continue to build on a 65-year history, differentiating ourselves through a vast global footprint, comprehensive portfolio of premium products, technology leadership and multi-channel path to market. We are proud of our longstanding commitment to integrity and the highest ethical standards.

At CFI, we respect human rights wherever we operate. We are guided by international human rights principles, including the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights to ensure that all people across our operations are treated with dignity and respect. We are committed to protecting human rights by:

- Supporting fair employment practices - we will follow applicable local laws and regulations related to wages, work hours, benefits, and working conditions;
- Respecting the freedom of association of our employees and recognizing the right to collective bargaining;
- Prohibiting the use of child labor, forced or prison labor, and human trafficking;
- Responsibly sourcing our materials and partnering only with suppliers who share our principles.

At CFI, we respect and protect human rights because it is the right thing to do.

COMPANY STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

Company Structure

CFI is a wholly owned subsidiaries of Atmus Filtration Technologies Inc. ("**Atmus**"), headquartered in Nashville, Tennessee. Atmus became a publicly traded company on the New York Stock Exchange on May 26, 2023 (NYSE: ATMU).

Following the May 26, 2023, Initial Public Offering, Cummins Inc. ("**Cummins**") was the majority shareholder of Atmus. On February 14, 2024, Cummins announced an exchange offer whereby Cummins shareholders could exchange all or a portion of Cummins common stock for shares of Atmus common stock owned by Cummins. The divestiture of Atmus shares by Cummins was completed on March 18, 2024, and resulted in the full separation of Atmus and divestiture of Cummins' entire ownership and voting interest in Atmus.

Accordingly, until March 2024, CFI had a shared supply chain with Cummins, adopted and applied the policies and procedures discussed in this Report, and relied on the due diligence processes conducted by Cummins as they related to CFI's supply chains.

As of December 31, 2023, Atmus employed approximately 4,500 persons worldwide. As of December 31, 2023, approximately 53% of Atmus' employees worldwide were represented by various unions under collective bargaining agreements. Of these employees, approximately 1,770 are employed by CFI.

Activities

CFI is a global leader in filtration solutions for on-highway commercial vehicles and off-highway agriculture, construction, mining and power generation vehicles and equipment. CFI designs and manufactures advanced filtration products, principally under the Fleetguard brand, that enable lower emissions and provide superior asset protection. CFI develops technologies ranging from filtration media, filter element formation and filtration systems integration to service-related solutions such as remote digital diagnostic and prognostic platforms and analytics.

Supply Chain

The performance of the end-to-end supply chain, extending through to CFI's suppliers, is foundational to our ability to meet customers' expectations and support long-term growth. CFI is committed to having a robust strategy for how it selects and manages its suppliers to enable a market focused supply chain. This requires us to continuously evaluate our supply base, as we strive to ensure we are meeting the needs of our customers.

The analysis of our supply chains uses a combination of proactive and reactive methodologies to enhance our understanding of supply chain risks, which can help guide our development of risk monitoring and sourcing strategies. The category sourcing strategy process (a process designed to create the most value for the company) supports the review of its long-term needs and guides decisions on what it makes internally and what it purchases externally. Key suppliers are managed through long-term supply agreements.

Other important elements of our sourcing strategy include:

- Selecting and managing suppliers to comply with its Supplier Code of Conduct; and
- Monitoring our suppliers' compliance with the prohibited and restricted materials policy.

CFI's supply chains are monitored for supply chain disruptions and undergo structured supplier risk and resiliency assessments. Additionally, in 2023, our supply chains were subject to increased frequency of formal and informal supplier engagement to address potentially impactful supply base constraints and enhanced collaboration to develop specific countermeasures to mitigate risks.

In 2023, the principal materials that CFI used directly in manufacturing our products are steel, filter media and petrochemical-based products, including plastic, rubber and adhesives products. Additionally, we procured paper, electronic components and finished filters. Our supply chains consisted of suppliers predominately located in the United States, Europe, China, and India in the automotive, manufacturing, and energy industries.

POLICIES AND DUE DILIGENCE

The policies set out in this section applied to all suppliers and sub-tier suppliers of products and services to CFI during the Reporting Period. However, as part of the completion of Atmus' separation from Cummins, in 2024 we have created and implemented our own policies and procedures, some of which can be found on our website, [here](#).

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 CFI. 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 our 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 CFI 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, provided CFI employees globally 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. The Code states:

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.

The Supplier Code demonstrates the value we place 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 our 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 CFI and any of its subsidiaries, joint ventures, divisions, or affiliates.

Supplier Audits

To verify that suppliers remain in compliance with the Supplier Code, they are subject to supplier audits. The informal audit is conducted by personnel within the Supply Chain organization of Cummins or CFI. Personnel conducting the audit will escalate negative audit scores to supply chain and compliance management, as well as ethics and compliance and legal as necessary. Management will develop a documented corrective action plan, including time frames and deadlines for completion, with the supplier. If any inappropriate behaviours or conditions viewed as systemic or critical are observed during the audit, the situation is reviewed with the legal department for appropriate action.

Supplier Forced Labour Prevention Policy

Our Purchase Order Standard Terms and Conditions include warranties and certifications that none of the products we purchase are or will be manufactured with child, indentured, forced or prison labor. We expect all suppliers to immediately notify us if they become aware of a stopped shipment for any of the supplier's customers, where the shipment was stopped for concerns relating to forced labour.

Human Rights Policy

In March 2018, Cummins adopted a Human Rights Policy (the "**HR Policy**") which applied to CFI employees and entities worldwide during the Reporting Period that recognizes and supports 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. 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 efforts to prevent and reduce the risk of the presence of child and forced labour in supply chains, Cummins, as our supply chain partner, among other things:

- Developed a communication plan for Procurement;
- Implemented weekly team meetings between Procurement, Supply Chain, Legal, and Trade Compliance;
- Engaged a third party to conduct a supply chain analysis;
- Developed a Category Risk Segmentation for Supply Chain Mapping Prioritization; and

- Updated its contractual terms in its Master Services Agreements.

Potential Risks in Our Operations

CFI considers the risk of child and forced labour occurring within its operations to be low considering our workforce and the policies and procedures that govern recruitment / labour sourcing, working conditions and the ethical treatment of our employees. Moreover, our workforce primarily consists of skilled, qualified, and experienced individuals, some of which who are represented by strong labour unions.

Potential Risks in Our Supply Chain

From a geographical risk perspective, the products that CFI imports into Canada originate from the US, which, is a low-risk jurisdiction.¹ However, 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, during the Reporting Period, our supply chains were subject to assessments for risks of child and forced labour by Cummins Inc.'s Global Supply Risk team. These assessments considered a combination of several factors including category, industry, country, and supplier management risk profiles. CFI relied on these assessments of its risks.

During the Reporting Period, the policies and processes in place, as described in this Report, were in place to assist with mitigating the potential risks identified in this Report.

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

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 online training applied to CFI 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' and CFI's supply chains and how to report potential human rights violations.

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

¹ Walk Free, Global Slavery Index 2023, found [here](#)

ASSESSING EFFECTIVENESS

As our independent supply chains matures, we intend to continue to consider, where appropriate, implementing measures to assess the effectiveness of any of our processes that are designed to prevent and reduce the risks of Modern Slavery. For example, Atmus' Purchasing Leader holds regular meetings with key suppliers to assess various aspects of the supplier's performance, including compliance matters. The Purchasing Leader intends to emphasize strict adherence to Atmus' processes to prevent and reduce risks of Modern Slavery in these meetings.

BOARD OF DIRECTORS APPROVAL AND ATTESTATION

This Report was Approved by the Board of Directors of Cummins Filtration 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.

Jack Kienzler

Jack Kienzler (May 28, 2024 11:15 CDT)

I have the authority to bind Cummins Filtration Inc.

Jack Kienzler

Director, Cummins Filtration Inc.

Date: May 28, 2024






Cummins Filtration Inc. - Modern Slavery Report 2023 FINAL

Final Audit Report

2024-05-28

Created:	2024-05-28
By:	Heidi White (ub592@cummins.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA3HQCmAiHerQtK7uVnelce0NFy4zd_POF

"Cummins Filtration Inc. - Modern Slavery Report 2023 FINAL" History

-  Document created by Heidi White (ub592@cummins.com)
2024-05-28 - 4:00:53 PM GMT- IP address: 136.226.2.180
-  Document emailed to Jack Kienzler (jack.kienzler@atmus.com) for signature
2024-05-28 - 4:01:52 PM GMT
-  Email viewed by Jack Kienzler (jack.kienzler@atmus.com)
2024-05-28 - 4:14:05 PM GMT- IP address: 104.47.58.126
-  Document e-signed by Jack Kienzler (jack.kienzler@atmus.com)
Signature Date: 2024-05-28 - 4:15:06 PM GMT - Time Source: server- IP address: 104.129.204.85
-  Agreement completed.
2024-05-28 - 4:15:06 PM GMT



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