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Introduction

Cubic Corporation (“Cubic”) and its family of companies recognize the significant adverse impacts of procuring goods that fund human rights abuses and we are resolved not to contribute to global conflict in the way we do business. To achieve this goal, we have created processes to engage with suppliers, assess risks and create transparency within our supply chain, and educate our employees on human trafficking and the role they play in eradicating it.

About our Business and Supply Chain

Cubic is a leading international provider of cost-effective systems and solutions addressing the mass transit and global defense markets’ most pressing challenges. Cubic Corporation leads centralized procurement on behalf of its operation units, with procurement teams located in Orlando, Florida; San Diego, California; and Tullahoma, Tennessee. Some ancillary procurement activities also occur in Concord, California; Ashburn, Virginia; Huntsville, Alabama; the United Kingdom; Australia; and New Zealand. Cubic’s supply chain extends throughout nearly every industry and in dozens of countries throughout the world.

About Our Anti-Human Trafficking Program

Cubic’s program was designed to reflect many of the best practices in the Organisation for Economic Co-Operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct. At the heart of our program is our worldwide policy entitled “Corporate Social Responsibility in Supply Chain Management.” The policy sets forth our commitment neither to tolerate nor profit from human trafficking and to suspend or terminate our relationship with any supplier we reasonably suspect is sourcing from or linked to any party committing human rights abuses. We maintain an ethics hotline available 24/7, worldwide, for anyone to report violations, and we maintain two fulltime employees dedicated to supply chain compliance issues.

Social responsibility in the supply chain is discussed on page thirty-seven of Cubic’s Code of Business Conduct (available [here](#)) and page three of our Code of Conduct for Third Parties (available [here](#)). Our Code of Business Conduct states, among other things, that we will take all reasonable steps to ensure that our supply chain is free of products made by forced labor, while our Code of Conduct for Third Parties obligates our suppliers to obey all applicable laws regarding the prohibition on use of trafficked or child labor and to cooperate with us in our diligence process to ensure no such practices exist in our supply chain. Cubic provides overview training on anti-human trafficking to all employees as new hires and again as an annual refresher. Suppliers are surveyed prior to onboarding, and high-risk suppliers are audited annually for social responsibility while lower risk suppliers are surveyed at least every three years (an update of this process is slated for next year). Supplier compliance diligence and documentation is kept on SharePoint for easy accessibility for those who may need the information.

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About Our Progress This Year

2018 was a time of organizational change for Cubic with personnel changes at the highest level of our procurement function. We seized this opportunity to create two new roles specifically oriented towards and tasked with the continuous improvement and maintenance of our supply chain compliance program: a Compliance Analyst and Compliance Manager (to whom the Compliance Analyst reports). This newly created compliance team brings a wealth of best practice knowledge around ethical sourcing and slavery in the supply chain. Our Compliance Analyst was recently invited to present at the 2019 Institute for Supply Management annual conference in Houston, Texas, on emerging practice on addressing slavery in corporate supply chains.


Cubic maintains its membership in the Social Responsibility Alliance (“SRA”) to help produce a unified template for determining areas of risk within supply chains. The most recent version of this risk template can be downloaded at <http://www.socialresponsibilityalliance.org/>. Cubic uses this template as a guide, as well as other resources, such as updates from the Ethical Trading Initiative (ETI, <https://www.ethicaltrade.org/>), Ropes and Gray (<https://www.ropesgray.com/en>), the Department of State Trafficking in Persons Report, the Department of Labor Goods Produced by Child and Forced Labor List and benchmarking data from KnowTheChain and the United Nations Global Compact. Cubic has provided training to select procurement personnel and management to create awareness of possible geographical areas reported to have high risk for acts of modern slavery, Cubic’s processes for risk mitigation, and the adverse impacts of non-ethical sourcing.

Cubic also remains in the Modern Slavery Registry to help increase awareness of Cubic’s developing program and to ensure Cubic implements leading practices into its program going forward.

About Our Risks and Program Effectiveness

Cubic buys a large volume of various electronic components for its business, which are implicated in many countries as being high-risk for forced labor. Cubic is a member of the Responsible Mineral Initiative and uses its membership to support the audit of raw mineral smelters on responsible mineral sourcing and groups that work to maintain transparency in the raw mineral supply chain. These minerals are ubiquitous in electronic component manufacturing. Because our ethical sourcing program is under a significant program change to be completed next year, we are currently measuring program effectiveness in terms of our ability to reach suppliers and create awareness on the issue. We expect that our metrics will change as our program matures.

By keeping up to date with reported findings, Cubic maintains awareness and bridges communication throughout our supply chain.

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3/25/2019
Date

Brad Feldmann
Chairman of the Board and CEO
Cubic Corporation