

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 operating units, with procurement teams located in Orlando, Florida; San Diego, California; and Tullahoma, Tennessee. Some ancillary procurement activities also occur in Ashburn, Virginia; Huntsville, Alabama; the United Kingdom; 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) Guidance on Responsible Supply Chains of Conflict Affected and High Risk Areas as well as the OECD Guidelines for Multinational Enterprises on Human Rights. At the heart of our program is our worldwide policy entitled “Corporate Social Responsibility in Supply Chain Management.” The policy sets forth our commitment not to tolerate or 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 a full time employee dedicated to supply chain compliance issues.

Cubic provides overview training on anti-human trafficking to all employees through its Code of Conduct training. Employees receive it as new hires and then as an annual refresher. Cubic is in the process of introducing a new training system, and will roll out dedicated anti-human trafficking training by the middle of 2017.

Social responsibility in the supply chain is further discussed in both Cubic’s Code of Business Conduct (available at <http://www.cubic.com/About-Us/Vision-Mission-Values/Code-of-Business-Conduct>) and Code of Conduct for Third Parties. The two Codes state, among other things, that we will take all reasonable steps to ensure that our supply chain is free of products made by forced labor. Suppliers must abide by our terms and conditions which require both a warranty that their products have not been manufactured or sourced using forced labor, and acceptance of Cubic’s third party code of conduct requirements (suppliers must either have a robust code of conduct or to sign onto Cubic’s third party code of conduct to do business with us – the certification process began in October of 2016 and is ongoing as described below).

About Our Progress This Year

Cubic is taking a two-phase approach to its anti-human trafficking program. The first phase has been comprised of resource gathering; basic risk analysis; development of an OECD-based diligence framework, process and policy; developing training; and supplier outreach. and will be completed in early 2017. The second phase will consist of in-depth risk analysis of our data against the Department of State Trafficking in Persons Report and the Department of Labor's Goods Produced by Child and Slave Labor together with follow-up and risk mitigation with high-risk category suppliers.

Over the last fiscal year, we investigated the commodities in our supply chain and compared those results against the United States Department of Labor's List of Goods Produced by Child Labor or Forced Labor as well as the Department of State Trafficking in Persons Report ("DoS TiP Report") to get an initial risk assessment. We then sent a letter to all suppliers informing them of the risk of human trafficking in their supply chain as well as our expectation of cooperation with our diligence process and requirements.


We provided a resource file along with the letter which contained various definitions of human trafficking used by organizations and countries around the world, relevant legislation, high risk areas and affected commodities, and further reading for help in program development as well as a sortable commodity risk table by country listing the risk type (forced labor or child labor) with the country's risk categorization as presented in the DoS TiP Report.

Our anti-human trafficking supplier packet went out together with our newly-developed Code of Conduct for Third Parties in October of 2016. Many suppliers have responded favorably and have agreed to sign on to Cubic's Code. Yet others have codes of conduct of their own, which we review for acceptability. We are diligently following up with unresponsive suppliers, with a goal to achieve 100% supplier response by the close of the second calendar quarter of 2017.

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 Conflict Free Sourcing Initiative and uses its membership to support transparency in how these electronics are manufactured, down to the mining of the metals used to make them. Because our anti-human trafficking program is relatively new, 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.

As of the date of this statement, nearly half of Cubic's suppliers have either agreed to abide by our third party code of conduct or have a robust code of their own as reviewed by Cubic's compliance team. We consider this excellent progress given our supplier outreach initiative has only been active for about three months. We expect to reach full supplier participation by early 2017.

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Brad Feldmann

3/27/2017

Cubic
President and CEO