



Globalizing a Domestic Relocation Policy

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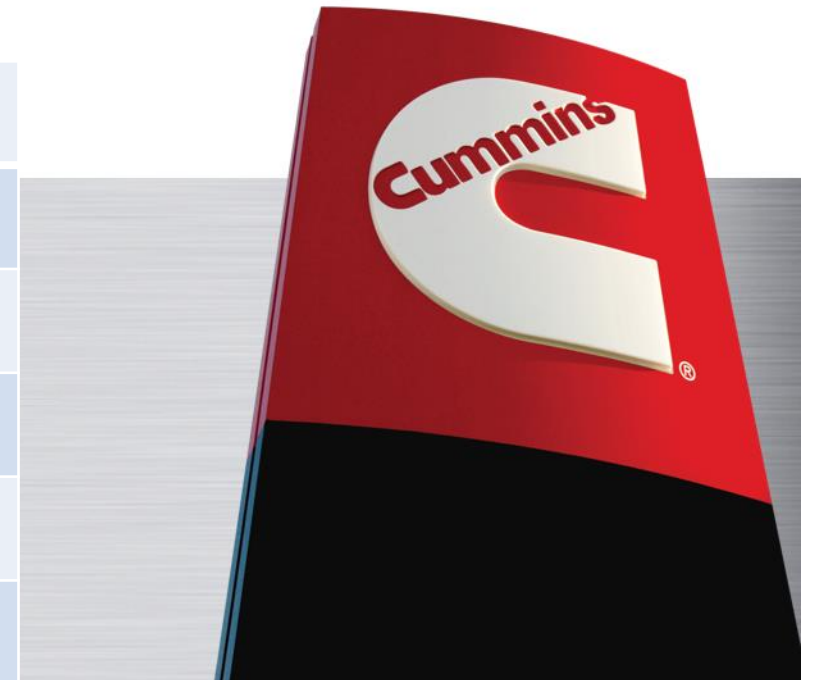
Today's Topics

- Cummins at a Glance
- Cummins' Global Mobility Program
 - Mobility Strategy
 - Mobility Principles
- Cummins' Global Domestic Relocation Policy Initiative
 - Goals & Scope
 - Global Team
 - Due Diligence Steps
 - Policy Structure
 - Policy Benefits Overview
 - Roll-out & Communications
- Key Lessons Learned
- Q + A



Cummins at a Glance

Company Name:	Cummins Inc.
Corporate Headquarters:	Columbus, Indiana
Founded	1919
2014 Revenues/ Income:	USD \$19.2 billion/ \$1.65 billion
2015 Fortune 500 rank:	154
Employees Worldwide	54,600



Cummins is a global power leader that designs, manufactures, sells and services diesel engines and related technology around the world. Cummins serves its customers through its network of 600 company-owned and independent distributor facilities and more than 7,200 dealer locations in over 190 countries and territories.

Cummins' Global Mobility Program

Cummins' Global Mobility Program

- Policies and procedures for providing global mobility support to Cummins employees worldwide
 - Global Temporary Assignment (Expat)
 - Global Relocation (Indefinite/permanent)
 - Global *Domestic** Relocation (Indefinite/permanent)
 - Global *Domestic** Temporary Assignment
 - Global Immigration
- Global Mobility Team
 - Global Mobility Strategy – Strategy & Policy
 - Cummins Business Services (CBS) Global Mobility Services (GMS) – Administration



* Domestic Relocation/ Assignment: The movement of an employee, whether new hire or current, from one location to another location within the same country to take a new position.

Global Mobility Strategy

- The Global Mobility Support Strategy enables and facilitates effective and seamless movement of talent regardless of geography, while supporting individual employees and their families (if applicable) in ways that make such moves as smooth and as well-supported as possible.
- It establishes the foundation for development of globally consistent compensation and benefits policies, processes and tools related to expatriations and relocations that:
 - ✓ Reflect Cummins' values.
 - ✓ Provide an appropriate level of employee assistance that is driven by assignment type and duration and is supported by best practices.
 - ✓ Provide a balanced and appropriate level of risk sharing between the Company and the employee.

Global Mobility Principles

- Facilitate the effective and seamless movement of talent regardless of geography, while supporting individual employees and their families in ways that assist with assimilation into the new location.
- Reduce barriers to mobility through mitigating the actual costs incurred to move from one location to another.
- Offer a market competitive benefit program which ensures the equitable treatment of employees while being cost effective and competitive within Cummins' industry.



GLOBAL DOMESTIC RELOCATION POLICY BACKGROUND

The Initiative Background

- In 2013/2014 Cummins launched the Internal Moves Policy and a global internal job posting system
- Stage was set for increased opportunity and likelihood of Cummins employees to transfer roles in quest to pursue career goals
- Employee movement anticipated across country borders and also domestically within specific countries
- Evaluation of Cummins' existing Global Mobility Policy suite revealed the Company only had domestic mobility policies for professional profile employees in Australia, India, the U.K. and the U.S.
- A domestic mobility policy was needed to support mobility in all countries where Cummins operates worldwide and for all employment types

The Initiative Goal and Scope

- To establish a consistent approach to providing domestic relocation support within any country worldwide, while allowing for country-specific nuances based on local market data and company needs, through the development of one Global Domestic Relocation Strategy (Core Strategy), and country-specific Domestic Relocation Policy Addendum documents (Addendum).
 - **2014 Addendum countries (phase 1):** Australia, Belgium, Brazil, China, France, Germany, India, Mexico, Romania, Turkey, the U.A.E, the U.K. and the U.S.
 - **2015 Addendum countries (phase 2):** Canada, Colombia and South Africa

The Global Cummins Team

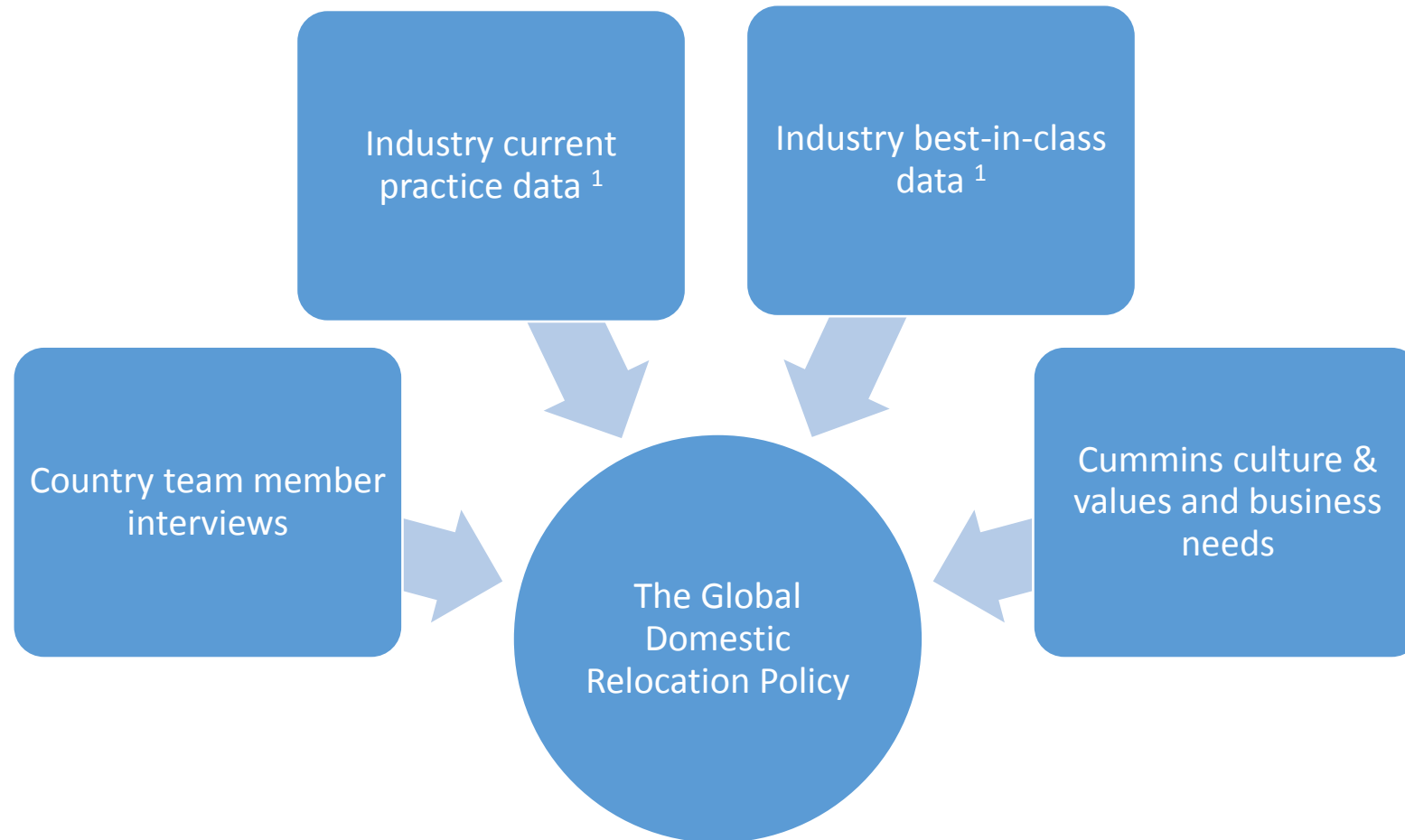
- Final Policy & Addenda a result of collaboration of global Human Resources (HR) including:
 - Country teams (voice of customer)
 - HR Leader,
 - Regional Compensation & Benefits Leader, and
 - CBS Global Mobility Services Leader.
 - CBS Global Mobility Services
 - Corporate Global Mobility Strategy
 - Legal
 - Communications
 - Global HR Leadership

External Project Support

- Global Relocation Services Provider
 - Consulting Services
 - Global Supply Chain
 - Destination Services Providers
 - Global Transportation
 - Client Services/ Operations
 - Compensation Services
 - Global Mobility Strategy
- Global Tax Services Provider
 - Tax Consulting Services



The Initiative Due Diligence Steps



¹ **Appendix 1I** – Customized Brookfield Global Relocation Services Global Domestic Relocation Policy Provisions Reports.

Global Domestic Relocation Policy Provisions Reports

- Prepared for each Phase 1 and Phase 2 country
- Intended to:
 - Guide discussion with country teams
 - Gauge initial buy-in to proposed scope of core provisions
 - Provide a view into common comparative practices (benchmark)
 - Broad global research into best practices
 - Abstracted comparator company policies (when available)
 - Serve as a basis of discovering need for optional provisions
 - Establish accountability for open tasks
 - Document decisions throughout the policy design stage
 - Enable socializing of proposed provisions to front-line of local HR
 - Serve as eventual blueprint for country-specific addenda

Global Domestic Relocation Policy Provisions Reports

Australia Domestic Relocation Policy Provisions Report

This report includes the following policy provision information for Australia Domestic Relocation Policy:

Column 1 - Best Practice Provisions & Parameter: Lists the best-in-class provisions that may be provided to employees moving domestically from one location to another within Australia. These benefits are separated into separate CORE and OPTIONAL sections.

Columns 2, 3, 4 and 5: Indicates the provisions currently provided to relocating employees by four companies.

Column 6: Indicates Cummins current policy / practice.

Column 7 - Common Practice: Tabulates the overall current policy / practice results to reveal any common practices.

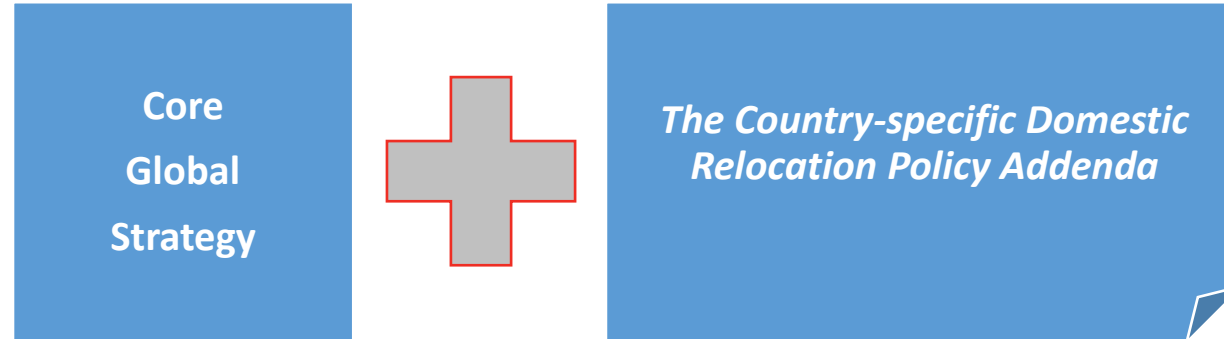
Benefits highlighted in **light green** indicate a trend of > 50% offering this benefit; and benefits highlighted in **light yellow** indicate < 50% offering this benefit.

Best Practice Provision & Parameter	Company 1	Company 2	Company 3	Company 4	Cummins	Common Practice of Policies/Practices Evaluated	June 12 Meeting Notes
PROGRAM ADMINISTRATION PROVISIONS							
Eligibility / Dependents Spouse / partner and dependent children who permanently reside in the household on the date of the request to participate in the relocation.	Yes	Yes	Yes	Yes	Yes	100% - Apply eligibility as described	Agreement with proposed inclusion of eligibility definitions in core policy.
Distance requirement stated?	No	No	No	> 50 km	> 500 km	60% - Do not state a distance minimum 40% - Do state a minimum distance	Philip will check on history / rationale of current 500 km parameter. He feels a reduced (50 km) minimum distance parameter is reasonable and complements occasional moves within metro centers.
Eligibility differentiated by hire and current employee status.	No	No	No	Yes	No	80% - Do not differentiate by this status 20% - Do differentiate by this status	Philip shared that there have been differentiations applied to new hires (about 2-3 annually at professional levels) via a reduced package of 50% of 1 month's salary allowance plus household goods shipment limited to 20 foot container. It was discussed that these scenarios could be accommodated by specifying eligibility for current employees vs. new hires for each benefit.

GLOBAL DOMESTIC RELOCATION POLICY

The GDR Policy Structure

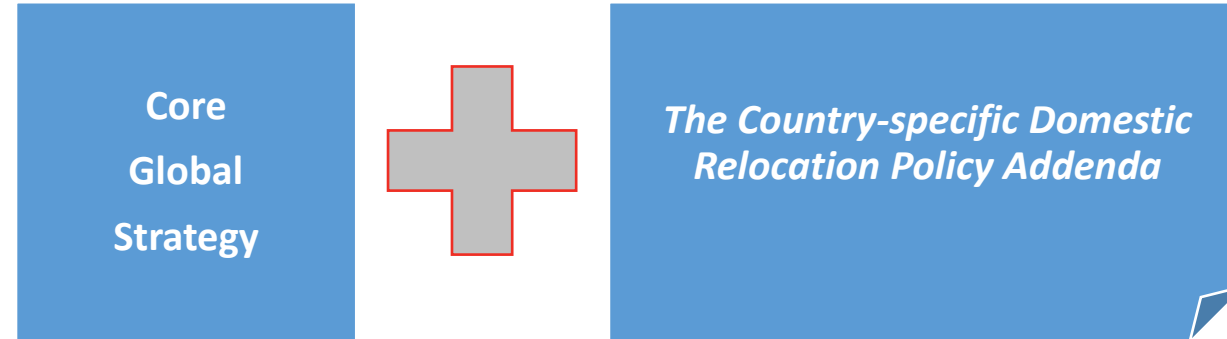
The Core Strategy



- **The Core Global Strategy** states the following core relocation benefits support will be provided to Cummins employees relocating domestically *worldwide*:

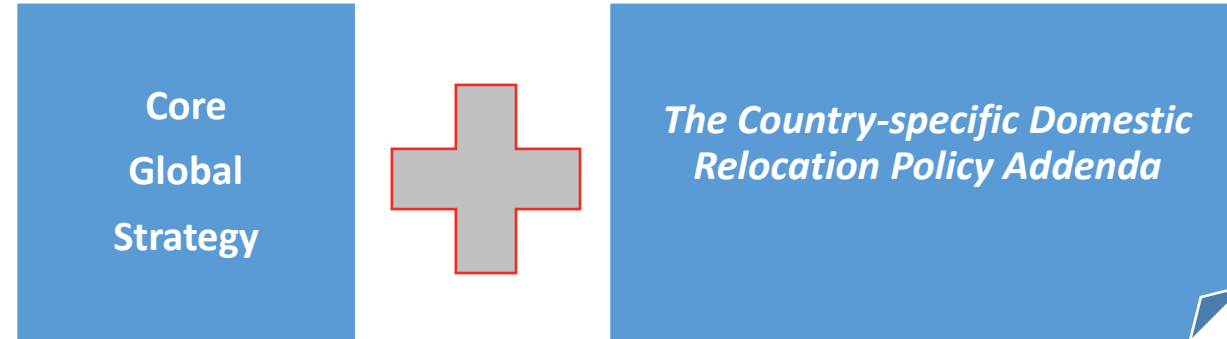
1) Relocation Orientation Meeting	5) Temporary Living
2) Home Finding Trip	6) Shipment of Household Goods
3) Home Finding Assistance	7) Relocation Allowance
4) Relocation Travel	8) Tax Assistance

The Country-specific Addenda



- **The Country-specific Addenda** (tiered by employment level) include:
 - ✓ Information on the core relocation benefits parameters;
 - ✓ Specific benefits administration details; and
 - ✓ Information on any additional country-specific relocation benefits that are considered reasonable and customary for that particular country.

The Country-specific Addenda (continued)



- **The Country-specific Addenda Tiers:**
 - ✓ Professional, Technician, Shop & Office
 - ✓ College Hire

The GDR Policy Benefits By Country

The Core Strategy Benefits

Core Benefit	Benefit Description – Benefit coverage differs by country location and Addendum (e.g. Professional; Technician, Shop, Office; or College Hire).
Relocation Orientation Meeting	Meeting for employee and spouse/partner to learn about the mobility benefits/services provided. Hosted by CBS Global Mobility Services.
Home Finding Trip	Assistance with costs of one (1) trip for employee and accompanying family to travel to the new location to obtain new housing and view schools, if applicable.
Home Finding Assistance	Home search assistance service provided by real estate agent or rental agent for home purchase or securing a rental apartment.
Shipment of Household Goods and Personal Effects	Assistance provided with shipment and insurance of household goods. Limitations apply.
Relocation Travel	Assistance with costs of final move travel of mileage or airfare for employee and accompanying family members.
Temporary Living	Assistance with costs of temporary living in the departure and/or destination locations.
Relocation Allowance	Assistance with costs associated with miscellaneous expenses that may be incurred but not covered by policy benefits.
Tax Assistance	Assistance with the tax impacts of relocation-specific benefits.

The Core Global Strategy Benefits (continued)

Core Global Strategy Benefits	√ = New benefit for this country														
	Australia	Brazil	Canada	China	Colombia	France	Germany	India	Mexico	Romania	South Africa	Turkey	U.A.E.	U.K.	U.S.
Relocation Orientation Meeting	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Home Finding Trip	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Home Finding Assistance and/or Area Orientation Assistance	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Shipment of Household Goods and Personal Effects	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Relocation Travel	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Temporary Living	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Relocation Allowance	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Tax Assistance	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

The GDR Policy

Professional, Technician, Shop & Office Addendum Overview

The Country-specific Addendum Overview

- Information on the specific core global strategy relocation benefits parameters.
 - e.g. Number of Temporary Living accommodation days covered; Home Finding Trip duration.
- Specific benefits administration details
 - e.g. Orientation Meeting provided by CBS; Relocation Allowance paid by global mobility service provider.
- Information on any additional country-specific relocation benefits that are considered reasonable and customary for that particular country.
 - An additional benefit is adopted in a specific country if the benefit is current market practice; and in alignment with business needs.

The Country-specific Addendum Benefits

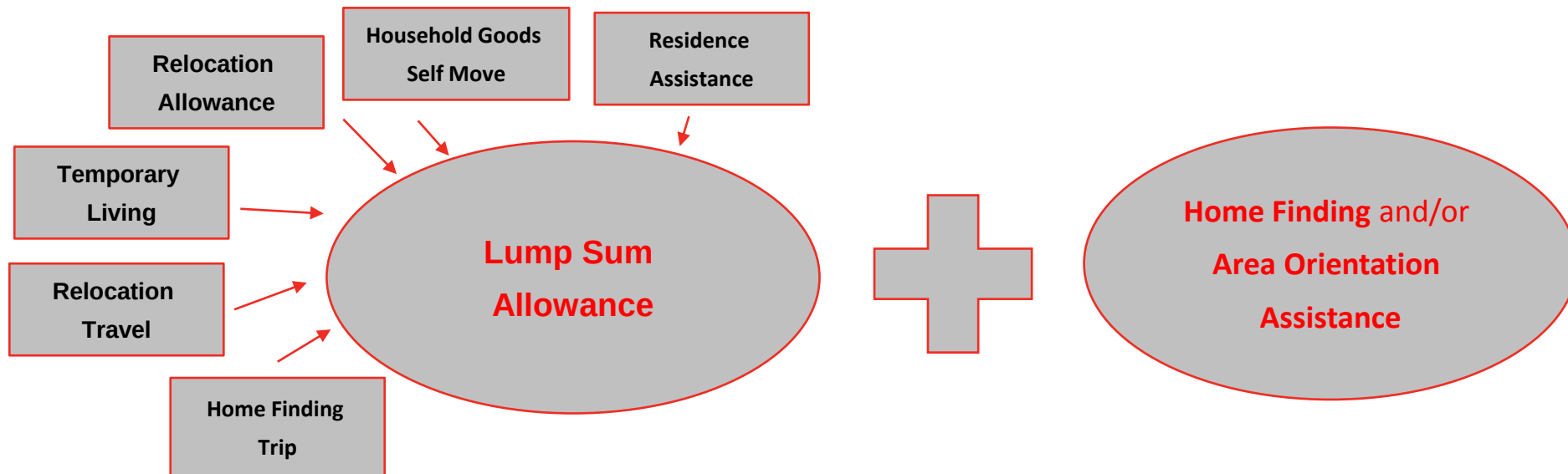
<i>Professional Addendum Benefits –</i> Selected benefits adopted in countries where that benefit is current market practice; and necessary to support the business and talent management needs of that country for professional employee recruitment.	√ = New benefit for this country.															
	Australia	Brazil	Canada	China	Colombia	France	Germany	India	Mexico	Romania	South Africa	Turkey	U.A.E.	U.K.	U.S.	
Home Sale Assistance	√		√				√				√	√		√	√	
Lease Cancellation	√		√								√	√	√	√	√	
Home Purchase Assistance	√		√				√				√	√		√	√	
Lease Deposit / Finder’s Fee					√						√	√	√	√		
Return Trips															√	
Transport of Vehicles	√	√	√		√				√		√				√	
Household Goods Temporary Storage	√		√					√	√		√	√		√	√	
Cost of Housing Differential Payment	√														√	
Spouse/Partner/Transition Assistance															√	

The GDR Policy

College Hire Addendum Benefits

The Country-specific *College Hire* Addendum Overview

- States the delivery format for the core benefits support described in the Core Global Strategy is a Lump Sum Allowance payment and separate Home Finding and/or Area Orientation Assistance.
- Provides information on country-specific administration details.
e.g. Lump Sum Allowance paid via payroll.



GLOBAL DOMESTIC RELOCATION POLICY ROLL-OUT & COMMUNICATIONS

Roll-out Plan

All Countries – Effective January 1, 2016

- Cummins Business Services (CBS) determining administration process and services provider(s) in 2015.
- Domestic relocation cost estimate information was included in the financial planning process for 2016.
- Some locations new to domestic relocation benefits have used the policy in practice before the effective date to allow an opportunity to gradually socialize the policies into use by the business.

Communications Plan

Target Date	Communication
July 2015	HR leadership meetings to socialize and solicit support.
July 2015	CBS Global Mobility Services communicates Global Domestic Relocation cost estimate information in 2016 financial planning process.
August 2015	Business leadership meetings to socialize and solicit support.
September 2015	HR Connect announcement to introduce the policy.
September/October 2015	HR e-mail communication including self study materials to introduce the policy (where to find it, January 1, 2016 effective date, etc.)
September/October 2015	3 webinar sessions offered to review self study materials introduce the policy (where to find it, January 1, 2016 effective date, etc.)
September/October 2015	Local country meetings/presentations to introduce the policy, as applicable.
October 2015	Presentation to Recruiting to introduce the policy.
October/November 2015	CBS GMS staff administration/process training sessions.
January 2016	Global Domestic Relocation Strategy and all Phase 1 and Phase 2 country addenda effective; GDR Users Guide and FAQ Sheet distributed

KEY LESSONS LEARNED

Key Lessons Learned

- Discover and build from commonalities (find the core)
- Leverage known best practices
- Provide transparent and consistent communications
- Defer to local expertise/ experience
- Be sensitive to pride of ownership of existing policies/ practices
- Expect widely varied cultural styles and sensitivities
- Know organizational culture and mandates from the beginning
- Balance harmonized structure with flexibility to address local nuances



QUESTIONS

THANK YOU