

## 2023 Norwegian Transparency Act Report

This report has been prepared in accordance with the Norwegian Transparency Act (*Nw:Åpenhetsloven*, the “Transparency Act”) section 5. It describes the continued efforts being taken by in Cummins Norway AS (“Cummins Norway”) to ensure transparency with respect to safeguarding of human rights and decent working conditions and to provide information on Cummins Norway practices. The report outlines the steps taken during the 2023 financial year to prevent and reduce risks toward human rights and decent working conditions at any step of the production of goods in Norway or elsewhere, or of goods imported into Norway.

### **About Cummins Norway**

Cummins Norway is a trading company. The company has its head office in Ås, outside of Norway’s capital Oslo. Historically, Cummins Norway has operated in all the marine segments for commercial, recreational, and light commercial applications. Aftermarket support also covers automotive, industrial, mining and power generation markets. Cummins Norway has a growing service network throughout the country to provide support directly to the customer or through a fully authorized Cummins dealer network. Its objective is to be a leader in the sale and service of diesel engines and accessories.

Cummins Norway 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 Norway provides sales and aftermarket support to customers across Norway and is comprised of a dedicated, professional team of over ten (10) employees committed to ensuring an exceptional customer experience. It currently sells eight (8) different models of engines for use in fish farming vessels, offshore support and research vessels and independent fishing vessels. The majority of the models are manufactured and assembled Cummins in the United Kingdom. The only exception is the QSK19/K19 which comes from Cummins in the United States and the QSM11 which comes from Cummins in Mexico. Out of the ten (10) workers, three (3) work within the Supply Chain function and are responsible for the administration of Cummins Norway’s orders and warehouse. Three (3) work within the Services function in the Customer Service Advisor and Customer Service Representative teams. They deal with customers and liaise with Cummins technicians to ensure work needed is done. Two (2) work within Facilities and manage the site including managing the Health, Safety and Environment (HSE) on site, one (1) works in the Sales function selling engines and the final employee is seconded to works for another Cummins subsidiary.

The ultimate parent company of Cummins Norway AS is Cummins Inc, headquartered in Indiana, United States. Cummins Inc (“Cummins”) and its subsidiaries design, manufacture, sell and service diesel engines and related technology worldwide. Cummins serves its customers through its network of 600 self-owned companies, and independent distributors and more than 6,000 dealers in over 190 countries and territories.

### **Commitment to Human Rights and Decent Working Conditions**

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.

Cummins is a signatory to the UN Global Compact and its underlying principles on human rights, labour rights, environmental and anti-corruption. Cummins' approach to counteract human right violations is also aligned with principles in OECD (Organization for Economic Cooperation and Development) Guidelines for Multinational Enterprises ("OECD Guidelines") and UN Guiding Principles on Business and Human Rights ("UNGP").

### **Cummins' policies, procedures, and governing documents**

In March 2018, Cummins launched its Human Rights policy which applies to all Cummins entities worldwide. The policy prohibits the use of all forms of child labour and forced labour, including threat of force or penalty, prison labour, indentured labour, bonded labour, military labour, slave labour and any form of human trafficking. The Human Rights policy was updated March 2020 and last reviewed in March 2023.

Cummins has a comprehensive Code of Business Conduct which includes provisions prohibiting forced or child labor. We require all employees to comply with, and have annual training on, the Cummins Code of Business Conduct. Included in our Code of Business Conduct is the following language:

*"...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 labor anywhere and we will not do business with any company that does. We respect employees' freedom of association, right to bargain collectively and all other workplace rights.... Our commitment to fair treatment also extends to our joint ventures, suppliers and other partners..."*

Through our Supplier Code of Conduct, ("SCoC") we make sure our suppliers and partners understand our values and treat their stakeholders in a way that is consistent with those values. Since we do business around the world, we have translated the SCoC into 14 languages so that our intentions and expectations are clear.

### **Verification of Product Supply Chain**

Cummins suppliers are required to complete a verification response form ("SCoC Response Form") agreeing to comply with the SCOC. Seven main topics are covered by the Supplier Code of Conduct, including equal employment opportunity and treatment of others, the environment, forced and child labor, wages and hours, working conditions, freedom of association, political activity, and bribery/corruption of government officials. Compliance with the principles of the Cummins Supplier Code of Conduct is required to do business with Cummins, or affirmatively set forth the reasons why they are unable to comply. Cummins reviews the SCoC Response Form to ensure that it meets the intent of the SCoC. If Cummins concludes that the supplier is not in compliance based on the SCoC Response 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 actions until all those required have been taken. Annually Cummins completes a global compliance audit on suppliers based on selection criteria.

In 2023 we surveyed approximately 3,586 suppliers that had accepted our SCoC when they became a Cummins Supplier and achieved 96.5% reaffirmation to SCoC with a target of 95%. The remaining suppliers are reviewed by Procurement team to determine reason for not responding (i.e., incorrect contact, no longer a Cummins supplier, need to use their own code) to determine remedial responds. These suppliers will be included in the 2024 SCoC Survey. From the 2023 survey, Cummins did not find any adverse impact related to safeguarding of human rights and decent working conditions.

### **Supplier Audits**

To verify that suppliers remain in compliance with SCoC, 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 behaviors or conditions viewed as systemic or critical

are observed during the audit, the situation is reviewed with the Cummins legal department for appropriate action.

### **Supplier Agreements**

Cummins requires suppliers that make up the top 80% of purchases to sign an SCoC Response Form or a contract that contains SCoC language, which requires suppliers to comply with applicable laws and regulations and includes the prohibition against the use of forced or child labor of any kind.

### **Accountability Standards and Procedures**

As our Code of Business Conduct states, “. . . [w]e will not tolerate child or forced labor anywhere and we will not do business with any company that does. . . .”

Employees and contractors have multiple avenues to raise concerns should a fellow employee or contractor be suspected to be in violation of this core ethical principle. These avenues include contacting their supervisor, human resources or calling the ethics helpline or report through a specially designed ethics website. Cummins does not tolerate retaliation and no action will be taken against an employee or contractor because he or she reported a concern.

Similarly, Cummins SCoC sets forth our expectations for suppliers. An employee or contractor who identifies a potential violation of the SCoC (outside of the Supplier Audit context described above) should report the information to his or her management, the purchasing department, or the legal function so that Cummins can investigate the matter and take appropriate action.

### **Training**

We have zero tolerance to slavery and human trafficking. To maintain awareness and ensure a high level of understanding of the risks of modern slavery and human trafficking in our businesses our Code of Business Conduct is available on the Intranet.

In addition to an online training course “Cummins Code of Business Conduct” available to all Cummins employees globally, since 2019, Cummins has offered an online training course “Human Rights Training” that 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 & Safety, & Quality.

Cummins trains employees responsible for supply chain management on Corporate Responsibility. We require all Cummins employees to comply with, and have training on, the Cummins Code of Business Conduct, which includes provisions prohibiting forced or child labor.

### **Due diligence process on human rights and decent working conditions**

As part of our initiative to identify and mitigate risk we have in place systems to:

- Identify and assess potential risk areas when considering taking on new suppliers and regularly review our existing supply chains.
- Mitigate the risk of slavery and human trafficking, among other fundamental human rights and decent working conditions risks occurring in our supply chains.
- Monitor potential risk areas in our supply chains.
- Protect whistleblowers.

### **Employee Non-retaliation Policy**

Cummins is committed to providing a workplace environment where employees are encouraged to report concerns and raise issues without fear of retaliation. Cummins complies with all applicable laws that protect employees against unlawful discrimination or retaliation because of lawfully reported violations. Reported violations may

include but are not limited to violations of:

- The Code of Business Conduct,
- Company policies or practices, or
- Any applicable law or regulation by Cummins or its agents

Cummins has a global investigations program designed to respond to concerns or suspected violations of the Code of Business Conduct, policies, or laws. Employees can report potential ethical problems in multiple ways. They can use Cummins' external ethics website, call the company's ethics helpline, send an email to the Ethics and Compliance function, or talk to their Human Resources representative, a member of the company's legal function or their supervisor. Cummins has a strict no-retaliation policy protecting employees making reports in good faith. Employees can remain anonymous, where allowed by law. The Ethics and Compliance function reinforces the importance of a "speak-up" culture and the company's stance on no retaliation on multiple internal and external platforms.

### **Analysis on human rights and decent working conditions**

In 2023, as part of Cummins' ongoing efforts to deter adverse impacts on human rights and decent working conditions in its 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 Labor Policy; and
- Published the Supplier Forced Labor Prevention Policy.

### **Potential risks in our operations:**

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

From a geographical risk perspective, our employees operate in Norway only, which has a low prevalence of child and forced labor, a low risk of vulnerability to child and forced labor and a fairly robust governmental response addressing child and forced labor.<sup>1</sup> 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 labor because of the prevalence of child and forced labor in particular countries. There are also risks linked to certain industries even in countries considered to have lower risks of child and forced labor. Accordingly, our supply chains are subject to assessment for risks of child and forced labor by Cummins Inc.'s Global Supply Risk team. These assessments consider a combination several factors including category, industry, country, and supplier

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<sup>1</sup> Walk Free, Global Slavery Index 2023, found [here](#).

management risk profiles.


Based on our assessment of our operations and supply chains as it relates to the risk of forced labor or child labor being used, we did not identify any instances of child or forced labor. Accordingly, no steps were required to remediate child or forced labor, or the loss of income associated with remediation efforts.

### **Path forward and ongoing commitments**

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 to decent working conditions and fundamental human rights. 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.

This report constitutes Cummins Norway AS's account for the financial year 2023, as required by the Transparency Act. It has been prepared by a cross functional team and has been approved by Cummins Norway Boards of Directors. The information provided in this report generally applies to all Cummins Reporting Entities except where otherwise indicated.

  
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Claire Louise Miller - Chairperson



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Hege Tveter – Board Member