



***CUMMINS 2019  
GRI CONTENT INDEX  
AND DATA BOOK***

# ABOUT THIS REPORT

Welcome to Cummins' 2019 GRI Content Index and Data Book. The goal of this report is to essentially convert the Cummins **2019 Sustainability Progress Report** into the Global Reporting Initiative (GRI) framework.

In many instances, this report includes links to a host of other Cummins reports and web pages such as the company's **2019 Annual Report on Form 10-K**, the **2020 Proxy Statement**, the company's **Governance** web page, Cummins' **Ethics & Compliance** web page and more. The company has reported to the GRI's Core platform since 2014.

The GRI Content Index and Data Book includes Cummins' data assurance letters prepared by Apex for the company's environmental, governance and social reporting. Cummins' financial data is audited by PricewaterhouseCoopers LLP.

A number of additional environmental charts are included in this report that were not included in the 2019 Sustainability Progress Report. These charts go into greater depth on product emissions as well as plant operations.

The GRI questions can be quite complex. This report summarizes them as much as possible. If you want to see the complete GRI questions, go to the **GRI website**. The framework was created in 1997 by a coalition of groups including The United Nations Environment Programme to provide corporations with a uniform way to report sustainability data.

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# MATERIALITY

*It's hard to imagine a more eventful first six months of 2020.*

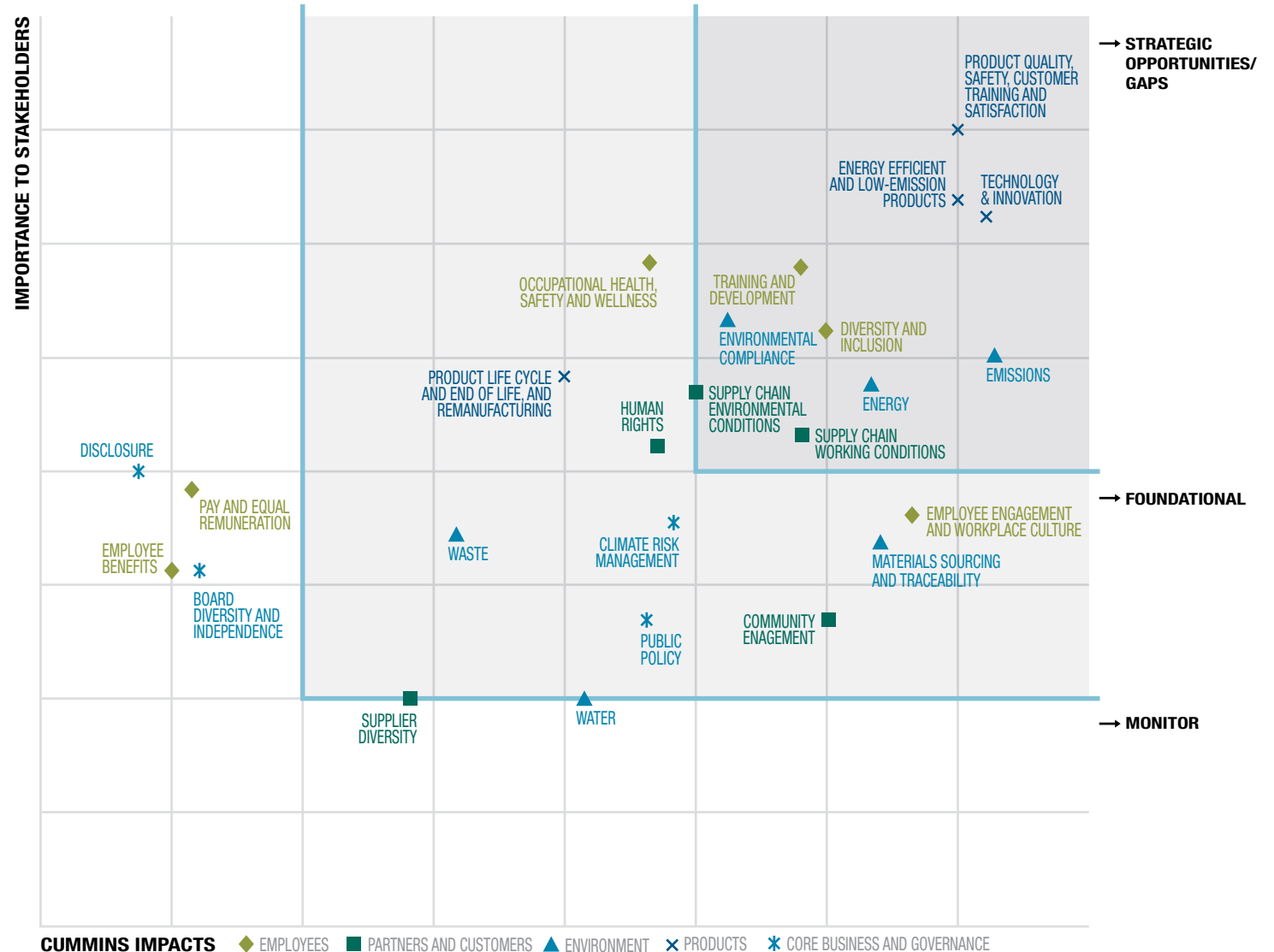
*As a result, discussions have begun at Cummins on ways the company's materiality matrix should be updated to reflect the global COVID-19 pandemic and the need to address racial inequities raised by protests for social justice.*

The company will build on its matrix developed in late 2018, working with Deloitte to identify issues where Cummins has the biggest environmental, social and governance / economic impact and reporting gaps.

Cummins and Deloitte interviewed key voices in and outside the company, including non-governmental organization leaders, public officials, customers, agencies that rate and rank companies on sustainability, as well as company leaders and board members. More than 1,000 Cummins employees were also polled on their sustainability priorities.

The resulting matrix identified areas such as supply chain, customer training and satisfaction, and technology and innovation as potential opportunities for expanded action and reporting attention. Those areas are addressed in the **2019 Sustainability Progress Report**.

However, events in the first half of 2020 put health and safety and diversity and inclusion in a new light. That will undoubtedly be reflected in the company's revised matrix and its sustainability reporting next year.

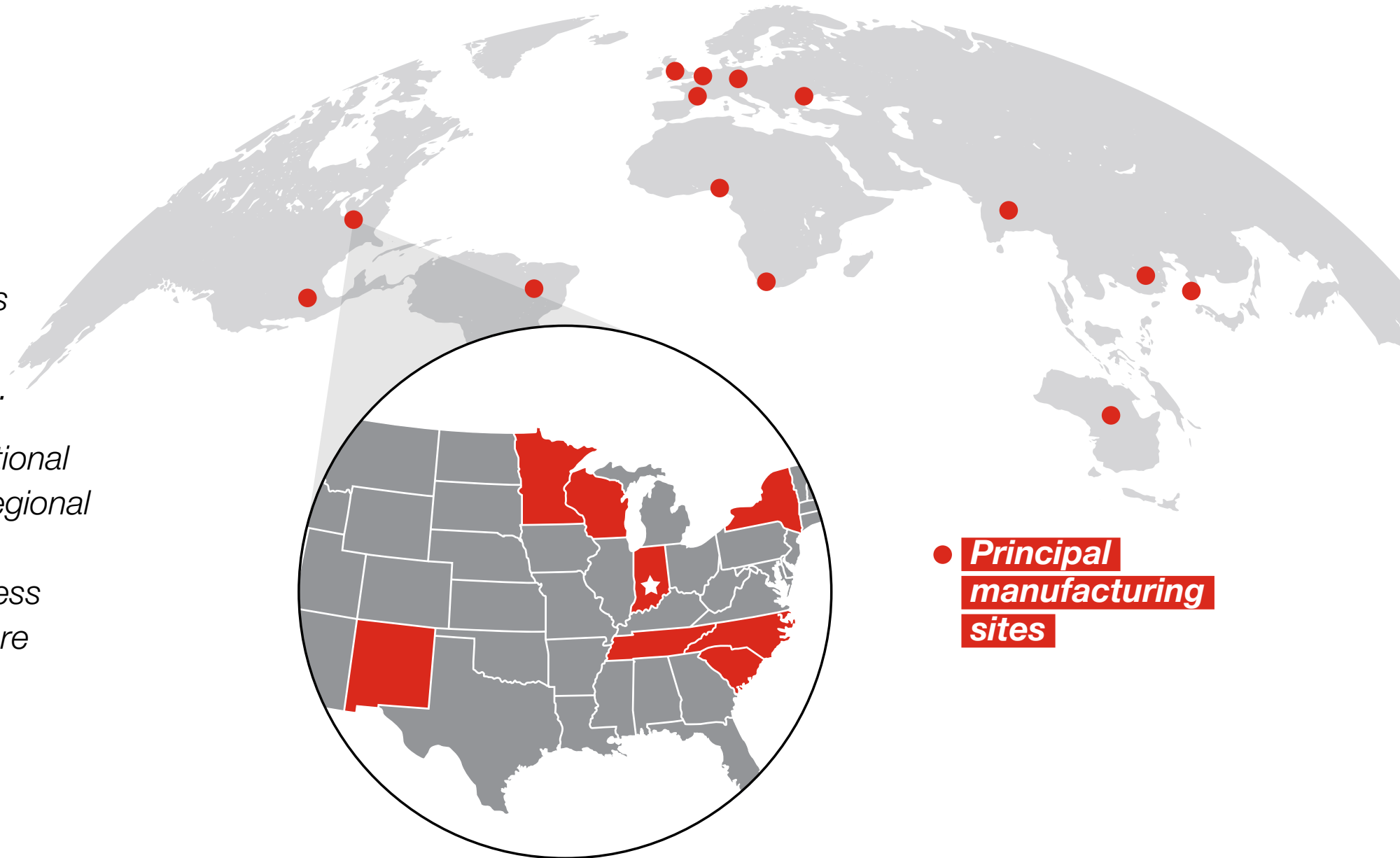


The X axis includes impacts that are important to Cummins. The Y axis includes impacts that are important to stakeholders outside the company.

## **HOME GROWN, GLOBALLY ENGAGED**

*Cummins has principal manufacturing locations in eight states and six of the seven continents.*

*The company's international plants primarily serve regional markets Cummins has developed doing business outside the U.S. for more than 60 years.*



● **Principal  
manufacturing  
sites**

# KEY PERFORMANCE INDICATORS



Cummins takes a broad view of sustainability, including the environment, corporate responsibility, health and safety, diversity and inclusion, employee development and governance. The company tracks many key performance indicators. Here are just a few:



Cummins believes in transparency. This icon identifies multi-year data that allows for comparisons.

- 1 Primary energy excludes sold electricity and associated fuel usage
- 2 Intensity defined as adjusted for sales (energy / GHG) or hours worked (water)
- 3 Reduction includes consolidated entities only

	2017	2018	2019
<b>ECONOMIC</b>			
Revenue	\$20.4 billion	\$23.8 billion	\$23.6 billion
Net Income	\$999 million*	\$2.1 billion	\$2.3 billion
* Excluding charges totaling \$777 million in connection with tax reform in the United States, full year net income attributable to Cummins was \$1.8 billion (\$10.62 per diluted share), with a full year tax rate of 24.5%.			
	2017	2018	2019
<b>ENVIRONMENTAL</b>			
GHG emissions (thousands of metric tons CO <sub>2</sub> e)	778	808	753
Energy consumption <sup>1</sup> (thousands of MMBtu)	13,656	14,374	14,038
Water use (millions of gallons)	964	949	895
Water intensity reduction <sup>2</sup> (2010 baseline)	44%	50%	53%
Energy intensity reduction <sup>2,3</sup> (2010 baseline)	25%	29%	31%
GHG intensity reduction <sup>2,3</sup> (2010 baseline)	33%	37%	42%
Recycling rate	90%	90%	91%
	2017	2018	2019
<b>SOCIAL</b>			
H&S Severity Case Rate	0.251	0.264	0.225
H&S Incidence Rate	0.691	0.646	0.593
Code of Conduct cases	1,904	2,215	2,436
Women leaders in the workforce	21.80%	23.22%	23.90%
Every Employee Every Community (EEEC) participation rate	82%	83%	82%
People impacted by EEEC projects	3.3 million**	4.3 million	6.5 million

\*\*First year for calculation

# GENERAL DISCLOSURES

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## ORGANIZATIONAL PROFILE

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### 102-1 *Name of the organization*

Extensive information about Cummins Inc. including its name, address, stock symbol and more is available in the Introduction to the company's [2019 Sustainability Progress Report](#) starting on page 6.

### 102-2 *Activities, brands, products and services*

Cummins is organized into five business areas – the Engine segment, the Power Systems segment, the Components segment, the Distribution segment and the New Power segment. All operate under the Cummins' brand. Cummins is a “business to business” company. Many of its products are sold to original equipment manufacturers who use them in their products. More about the company's products and services is available on page 14 of the Progress Report.

### 102-3 *Location of headquarters*

Cummins' corporate headquarters is located at 500 Jackson St., Columbus, Indiana (U.S.) 47201.

### 102-4 *Location of operations*

Cummins' customers are located in approximately 190 countries and territories that the company reaches through a network of more than 600 company-owned and independent distributor locations and approximately 7,600 dealer locations around the world. The company's major manufacturing facilities are located in Indiana, Minnesota, North Carolina, South Carolina, Tennessee and Wisconsin in the United States; And Australia, Brazil, China, France, Germany, India, Mexico, Nigeria, Romania, South Africa, South Korea, Turkey and the United Kingdom outside the U.S.

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## GENERAL DISCLOSURES

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### **ORGANIZATIONAL PROFILE** (continued)

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#### **102-5** *Nature of ownership and legal form*

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Cummins is a publicly traded, Fortune 150 company, ranking 132 in 2020. Cummins' stock symbol on the New York Stock Exchange is CMI.

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#### **102-6** *Markets served*

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Cummins is a global power leader made up of complementary business segments that design, manufacture, distribute and service engines and related technologies including fuel systems, controls, air handling, filtration, emission solutions and electrical power generation systems. Approximately 62% of the company's net sales (see page 64 of the [2019 Sustainability Progress Report](#)) in 2019 were attributable to customers in the U.S. and Canada while 38% came from outside those locations. Customers include original equipment manufacturers (OEMs), who in some cases make their own engines. Developing innovative, clean, dependable engines those OEMs, and by extension their customers, want is critical to the company's sustainability. Cummins engines are used in long haul trucks, regional trucks and pickup trucks as well as in off-highway equipment such as tractors, trains, ships, excavators, generators and more. As the only company that produces all the critical subsystems required to build an engine or generator in house, Cummins believes it has a competitive advantage. The company in 2019 renamed its Electrified Power segment New Power to reflect its broader mission, which includes fuel cells and hydrogen generation, in addition to electrification.

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#### **102-7** *Scale of the organization*

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Cummins has more than 61,000 employees with slightly more than half located outside the United States. The company has plants and technical centers around the world. Just over a third of the company's employees are represented by a union. About a third of Cummins' professional staff has a background in science, technology, engineering or math (STEM). The company had \$23.6 billion in sales in 2019. The company sells more than a million engines annually as well as various related components.

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## **ORGANIZATIONAL PROFILE** (continued)

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### **102-8** Information on employees

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Cummins has more than 61,000 employees world-wide. About a third are represented by a union. Slightly more live outside the United States than inside the United States. Almost 27% of the workforce is made up of women and women make up about 26% of the company's leadership. Just over half of the leaders of the company were born in the United States, down from 62% in 2010. More than half of the company's employees were born outside the U.S. For more on the workforce, see page 44 of the [2019 Sustainability Progress Report](#).

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### **102-9** Describe your supply chain

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Cummins began to transform its supply chain in 2010, focusing on ways to increase efficiency, lower costs and reduce its environmental footprint. By working to better coordinate the production, shipment and delivery of goods, Cummins better serves its customers. The company puts a special focus on the synchronized warehousing of raw materials to provide scale and improve efficiency. The formation of the Power Systems segment, completed in 2016, combined the Power Generation and High Horsepower functions, which were already strongly interdependent. It allowed the company to streamline business and technical processes to accelerate innovation, grow market share and more efficiently manage its supply chain and manufacturing operations. In 2018, Cummins created a fifth business segment, the Electrified Power segment. It was renamed New Power in 2019 to reflect the company's growing efforts in electrification and hydrogen fuel cells as well as hydrogen production. To learn more about the supply chain at Cummins, see page 58 of the [2019 Sustainability Progress Report](#).

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### **102-10** Significant changes to the organization

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In 2019, the company renamed its Electrified Power segment. It is now called New Power to reflect a broader mission. The company acquired Hydrogenics, a fuel cell and hydrogen production technologies company. With roots spanning 70 years, Hydrogenics is the worldwide leader in designing, manufacturing, building and installing industrial and commercial hydrogen generation, hydrogen fuel cells and large-scale energy storage solutions. It was the latest in a series of acquisitions by Cummins. In 2018, the company acquired Silicon Valley-based Efficient Drivetrains, Inc. of Milpitas, California. It designs and produces hybrid and fully-electric power solutions. The company in 2017 acquired Brammo Inc. based in Talent, Oregon. It designs and develops battery packs for mobile and stationary applications.

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## **ORGANIZATIONAL PROFILE** (continued)

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### **102-11** *Precautionary approach*

While the company has not formally adopted this terminology, a key commitment has long been that “everything we do leads to a cleaner, healthier, and safer environment.” When it comes to the company’s operations, Cummins is not satisfied merely to meet local regulations. The company is striving to reduce its carbon footprint by recycling and using less water and energy everywhere. The company in 2019 unveiled PLANET 2050, a strategy to address climate change and other environmental challenges. has set specific goals in these areas that apply to all Cummins’ facilities, regardless of their location. To learn more, go to page 20 of the [2019 Sustainability Progress Report](#).

### **102-12** *External approaches*

In 2017, Cummins signed the U.N.’s Global Compact encouraging businesses around the world to adopt socially responsible and sustainable practices, and report on their implementation. The company also began using the U.N.’s Sustainability Development Goals as a basis for goal setting, especially in its Corporate Responsibility function. Both followed Cummins joining thousands of global companies signing the U.N. Women’s Empowerment Principles in 2016. The seven principles emphasize the business case for promoting gender equality and empowering women. The company embraces “science based” targets in its efforts to reduce its carbon footprint, aligning itself with climate science. It supports the U.S. Department of Energy’s Better Buildings, Better Plants initiative to conserve energy and reduce emissions. Cummins regularly works with the Environmental Defense Fund, the Health Effects Institute, BSR, Renewable Energy Buyer’s Association and the International Council on Clean Transportation.

### **102-13** *Membership of associations*

Cummins belongs to a number of organizations and associations, including: The Diesel Technology Forum, the Health Effects Institute, BSR (Business for Social Responsibility) and the Renewable Energy Buyer’s Association. The company participates in the U.S. Department of Energy’s Better Buildings, Better Plants initiative and the CEO Water Mandate. The company’s CEO, Tom Linebarger, sits on the board of the Hydrogen Council. Cummins also works frequently with the Environmental Defense Fund. To see other partnerships, go to page 31 of the [2019 Sustainability Progress Report](#).

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## GENERAL DISCLOSURES

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### STRATEGY

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**102-14** *Statement from senior decision maker*

Cummins Chairman and CEO Tom Linebarger writes about the relationship between sustainability and the company's strategy in his letter on the first page of Cummins' [2019 Sustainability Progress Report](#).

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### ETHICS AND INTEGRITY

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**102-15** *Key impacts, risks*

Extensive information on the impacts, risks and opportunities facing the company can be found starting on page 17 of the [2019 Cummins Annual Report on Form 10-K](#).

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**102-16** *Values, principles, standards:*

Cummins in 2017 updated the company's mission, vision and values (MVV). The board was consulted, and its input is reflected in the final version. Senior executives met extensively on this topic over 12 to 16 months. It was the first update since the MVV was established in 2000. After leadership reached a tentative approval on the MVV, it was reviewed by various employees through focus groups and other means. It then went back to leadership for more review and changes before a final version was released in late July. You can see the new version of the company's mission, vision and values on page 15 of the [2019 Sustainability Progress Report](#).

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## GENERAL DISCLOSURES

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### **ETHICS AND INTEGRITY** (continued)

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#### **102-17** Mechanisms for advice and concern about ethics:

Cummins employees have a variety of ways to seek advice or report their concerns about unethical and unlawful behavior. In addition to talking to their supervisor or human resources representative, they can also get help or report a concern online at [ethics.cummins.com](https://ethics.cummins.com) or by calling 1-800-671-9600 if they are in the United States. Phone numbers for other countries can also be found at [ethics.cummins.com](https://ethics.cummins.com). Wherever legally possible, employees may remain anonymous if they wish. An employee may also send an email to the Ethics and Compliance function or to the Legal function ([law.department@cummins.com](mailto:law.department@cummins.com)) and the appropriate person will contact them. Per company policy, an employee cannot be retaliated against for seeking advice or raising a concern. All of this information is posted on the company's internal website. To learn more, see page 49 of the [2019 Sustainability Progress Report](#).

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#### **102-18** Governance structure:

The Board of Directors (see page 47 of the [2019 Sustainability Progress Report](#)) oversee the company. The duties of the Chairman and the Lead Director as well as the six standing board committees (Governance and Nominating, Audit, Compensation, Executive, Finance, and Safety, Environment and Technology) are laid out in the documents in the [Governance](#) section on [cummins.com](https://cummins.com) and in the [2020 Proxy Statement](#). The Board of Directors and its committees are involved on an ongoing basis with the oversight of the company's material enterprise related risks (page 52 of the [2019 Sustainability Progress Report](#)). Senior leaders, led by the Chief Operating Officer, undertake a process that identifies, categorizes and analyzes the relative severity and likelihood of different types of risk. The board committees receive frequent updates from senior leaders who have functional responsibility for managing those risks.

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## GENERAL DISCLOSURES

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### GOVERNANCE

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**102-19** *Delegating authority:*

See answer to 102-18

**102-20** *Executive level responsibility for economic, environmental and social topics:*

Cummins has a Vice President – Chief Technical Officer who reports to the President and COO on several issues, including the company’s effort to reduce its environmental impact. The company’s Vice President – Corporate Responsibility reports to company leaders on Cummins’ community engagement and social efforts. Cummins Vice President – Ethics and Compliance, reports to company leaders on ethics related issues. The company’s Vice President – Chief Financial Officer reports to the CEO on financial related matters. The CEO considers himself to be Cummins’ top sustainability leader and he meets directly once a year with leaders responsible for the company’s environmental sustainability plan.

**102-21** *Consulting stakeholders on economic, environmental and social topics:*

There is not one single person or group at Cummins charged with communicating to external stakeholders. Investor Relations, for example, talks to and meets with investors frequently. The Government Relations function is in frequent communications with lawmakers and regulators. Because leaders play a key role in the company’s Corporate Responsibility efforts (see page 33 in the [2019 Sustainability Progress Report](#)), they speak to a wide variety of people including non-governmental groups, not-for-profits and others in addition to government leaders and investors. Leaders are encouraged to be active in their communities in keeping with the stakeholder model Cummins operates under (page 2 of the [2019 Sustainability Progress Report](#)). They try to weigh the interests of all stakeholders in their decisions including communities, employees, not for profits and others in addition to shareholders.

**102-22** *Composition of the highest governance body and its committees:*

The company’s [2020 Proxy Statement](#) includes extensive information about members of the Board of Directors, their duties, and the strengths they present to the board.

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## GENERAL DISCLOSURES

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### **GOVERNANCE** (continued)

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**102-23** **Chair of the highest governance body:**

Tom Linebarger is Chairman of the Board of Directors and Chief Executive Officer at Cummins. He is the only Cummins employee on the 11-member Board of Directors. This model has worked well for the company, producing strong results. The board is sufficiently empowered to provide effective oversight. Cummins is fortunate to have an outstanding Lead Director, former U.S. Secretary of Labor Alexis Herman. She joined the board in 2001. To learn more, see the [2020 Proxy Statement](#).

**102-24** **Nominating and selecting the highest governance body:**

The board composition is discussed starting on page 3 of the [2020 Proxy Statement](#). A statement on diversity is included on page 8 of the proxy. Independence is also addressed on page 3. Bios of each board member start on page 17 of the proxy.

**102-25** **Conflicts of interest:**

Every board candidate should be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of his or her responsibilities including being able to represent the best longterm interests of all Cummins' shareholders. For more see the company's [Corporate Governance Principles](#).

**102-26** **Role of highest governance body in setting purpose, values, and strategy:**

See 102-16. The Board of Directors reviewed Cummins' updated mission, vision and values in 2017.

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## GENERAL DISCLOSURES

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### **GOVERNANCE** (continued)

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#### **102-27** *Collective knowledge of the highest governance body:*

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The Board of Directors is briefed and provided with substantive information prior to each board meeting. New board members are provided with a timely and thorough introduction to Cummins, including information on the company's mission, vision and values as well as an introduction to the company's business segments and their respective management teams. They are also briefed about the company's risk management processes and the regulatory environment and visit company facilities. Directors with more tenure are expected to continue educating themselves with respect to the company's industries and markets as well as corporate governance and director responsibility developments. Cummins provides periodic updates or training to board members to ensure they have the knowledge and skills necessary for their service and may also apprise board members of appropriate director educational programs and encourage them to attend at the company's expense. See Section 2.6 of the [Corporate Governance Principles](#).

#### **102-28** *Evaluating the highest governance body's performance:*

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The Governance and Nominating Committee is responsible for conducting an annual assessment of the Board of Directors. This assessment explores whether the board and its committees function effectively and identifies areas in which it believes improvements can be made (See Section 5.4 of the [Corporate Governance Principles](#)).

#### **102-29** *Identifying and managing economic, environmental, and social impacts:*

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The board is kept informed on the company's economic, environmental and social impacts as part of its oversight responsibilities. To see more, go to the company's [Corporate Governance Principles](#).

#### **102-30** *Effectiveness of risk management processes:*

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Monitoring the effectiveness of internal controls and risk management practices is one of the important oversight responsibilities of the Board of Directors at Cummins. The board receives a risk report at every regularly scheduled meeting. The report updates the board on the significant risks facing the company. The board is regularly briefed on matters of concern for customers, employees, unions and investors. It has a keen awareness of what all stakeholders are thinking, enabling it to stay informed of key economic, environmental and social developments. To learn more, go to the [Audit Committee Charter](#).

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## GENERAL DISCLOSURES

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### **GOVERNANCE** *(continued)*

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**102-31** **Review of economic, environmental and social topics:**

The board regularly reviews economic, environmental and social developments relative to Cummins as part of its general oversight responsibilities. To see more, go to the company's Corporate Governance Principles.

**102-32** **Highest governance body's role in sustainability reporting:**

A committee of six people oversees Cummins' sustainability reporting: the Vice President – Corporate Responsibility, the Vice President – Corporate Communications, the Head of Government Relations and the Executive Director of Worldwide Environmental Strategy and Compliance, the Vice President of Ethics & Compliance and the Executive Director of Investor Relations. Sustainability reporting is compiled and edited by the Director of Sustainability Communications. The board does not play a direct role but reviews the final report.

**102-33** **Communicating critical concerns:**

Shareholders and other interested parties may communicate with the board, including its Lead Director and other non-management directors, by sending written communication to the directors, c/o the Board Secretary, 301 East Market St., Indianapolis, Indiana 46204. All such communications will be reviewed by the secretary or his designee to determine which communications are appropriate to be forwarded to the directors. All communications will be forwarded except those that are related to Cummins products and services, are solicitations or otherwise relate to improper or irrelevant topics. For more see page 15 of the company's [Proxy Statement](#) for the 2020 Annual Meeting.

**102-34** **Nature and total number of critical concerns:**

See Cummins' [2019 Annual Report on Form 10-K](#) starting on page 17.

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## GENERAL DISCLOSURES

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### REMUNERATION

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**102-35** *Remuneration policies:*

Compensation is discussed on page 5 of the [2020 Proxy](#) while the “Compensation Discussion and Analysis” section starts on page 25, providing detailed information about Cummins’ executive compensation program. See also a discussion of Board of Directors’ compensation starting on page 73.

**102-36** *Process for determining remuneration:*

The board’s Compensation Committee engaged Fariant Advisors LLC as its independent compensation consultant to provide input and advice to the committee. See page 29 of the [2020 Annual Proxy Statement](#). Fariant’s work did not present any conflict of interest.

**102-37** *Stakeholders’ involvement in remuneration:*

A vote was taken on the compensation plan as part of the company’s Annual Meeting of Shareholders held May 12, 2020. Shareholders voted in support of the company’s executive compensation. There is a public comment period at the meeting. No one raised compensation as an issue.

**102-38** *Annual total compensation ratio:*

See page 68 of the [2020 Annual Proxy Statement](#) for a complete discussion of this U.S. financial requirement.

**102-39** *Percentage increase in annual total compensation ratio:*

See page 69 of the [2020 Annual Proxy Statement](#).

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## GENERAL DISCLOSURES

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### **STAKEHOLDER ENGAGEMENT**

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**102-40** *List of stakeholder groups:*

In no particular order, Cummins works with customers, including fleets and OEMs; shareholders; employees and contract workers; suppliers of all sorts; state and national regulators; colleges, universities and other centers of learning; environmental and other interest groups; local and national NGOS; local communities and civil society as a whole.

**102-41** *Collective bargaining agreements:*

About a third of the Cummins workforce belongs to unions under collective bargaining agreements expiring between 2020 and 2024. To see more, go to the chart on page 45 of the [2019 Sustainability Progress Report](#).

**102-42** *Identifying and selecting stakeholders:*

Stakeholders are identified in several ways, via the company's leadership on their everyday duties, through the company's updated vision, mission and values, and through the materiality process conducted by the sustainability team in 2018- 2019, working with Deloitte. See page 9 of the [2019 Sustainability Progress Report](#).

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# GENERAL DISCLOSURES

102-43

## Approach to stakeholder engagement:

Most engagement is through everyday contact with the groups, companies, suppliers, employees and others Cummins works with in its pursuit of fulfilling the company's vision, mission and values. Cummins has some special arrangements with NGOs such as Girls Inc. in its pursuit of initiatives like Cummins Powers Women. Leaders are encouraged to become active in their local communities to help them make better decisions. Cummins has long operated under the stakeholder model of leadership, which encourages leaders to take things like community health into their decision making.

Customers, including fleets and OEMs	Face-to-face meetings, individual engagements	Product reliability and performance
Shareholders	Quarterly conference calls, face-to-face meetings, individual engagements, conferences	Any topics that impact earnings
Employees and Contract Workers	Surveys, town halls, online poll questions	Talent management, diversity and inclusion
Suppliers	Conferences, face-to-face meetings, individual engagements	Product reliability and performance, price, availability, cost, working conditions
State and National Regulators	Conferences, face-to-face meetings, individual engagements	Pace and implementation of regulations
Colleges, Universities and other centers of learning	Partnerships, liaison with individual departments	Technology development
Environmental and Other Interest Groups	Conferences, face-to-face meetings, individual engagements	Climate change, resiliency, circular economy
Local and National NGOs	Conferences, face-to-face meetings, individual engagements	Environment, education, equality of opportunity
Local Communities	Community meetings, face-to-face meetings, focus groups	Environment, education, equality of opportunity
Civil Society		

## **GENERAL DISCLOSURES**

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### **STAKEHOLDER ENGAGEMENT**

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**102-44** *Key topics and concerns raised:*

Cummins' engagement with customers is obvious through products such as the X15 and X12 engine platforms, which made tremendous strides in areas such as uptime and fuel economy – two major customer concerns. The company introduced an all-electric powertrain in mid-2019 as a growing number of customers look for powertrains that will reduce their carbon footprint. Cummins' history is filled with examples of the company responding to stakeholder concerns. Most recently on COVID-19 we took our cues from health officials across the world. On social justice, we learned from leaders of the movement inside and outside our company, so, it can come from a variety of places.

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### **REPORTING PRACTICE**

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**102-45** *Entities included in consolidated financial statements:*

See the company's [2019 Annual Report on Form 10-K](#) starting on page 3.

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## GENERAL DISCLOSURES

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### **MATERIALITY**

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**102-46** *Defining report content and boundaries*

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**103-1,2,3** *Management approach*

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In late 2018 and early 2019, Cummins conducted a thorough materiality assessment working with an outside expert, Deloitte. This assessment followed the internal analysis Cummins performed on its own in 2015, followed by a refresh in 2017.

In conducting this materiality analysis, Cummins sought clarity on what topics were of importance to stakeholders to ensure we were working and reporting on the topics that drive and create value for the business.

Cummins found numerous benefits in using outside expertise, including:

- 01 Identification of emerging trends and issues;**
- 02 Framing of stakeholder questions for fair prioritization;**
- 03 Increased depth, accuracy, thoroughness of analysis;**
- 04 Increased efficiency; and**
- 05 Leveraging of expert's resources.**



## **GENERAL DISCLOSURES**

### **PROCESS**

The materiality assessment started with a team from Cummins and Deloitte identifying relevant candidate topics through a detailed desktop review of readily available documentation and materials.

This included published materials on Cummins' website and industry emerging topics through social media scans, peer materials, such as sustainability reports and Management Analysis & Disclosure documents in Annual Reports on Form 10-K, and websites. The team leveraged specific automotive industry research, insights, and experts available to Deloitte.

The team conducted 20 stakeholder interviews with select internal and external stakeholders to understand their sustainability topics of importance related to Cummins and obtain more information on their perceptions of our ***Sustainability Progress Report***.

Additionally, an employee survey consisting of 11 questions was sent to 25,000 employees or roughly 40% of the workforce. More than 1,000 employees responded. Both the interviews and the survey asked questions in these broad categories regarding the impact of:

- » Cummins' operations on the environment.
- » Company products on the environment, customers and society.
- » Cummins' supply chain on the environment, labor, and society.
- » The company on its employees.
- » Cummins' core business and governance.

Deloitte organized and evaluated the data collected through stakeholder engagement and its own research and applied proprietary methodology based on decision science in order to arrive at a common denominator.

## GENERAL DISCLOSURES

### **MATERIALITY**

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**102-48** **Restatements of information**

None.

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**102-50** **Reporting period**

This report covers the 2019 calendar year.

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**102-51** **Date of most recent report:**

This report was posted July 29, 2020.

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**102-52** **Reporting cycle:**

Annual

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**102-53** **Contact point for questions regarding the report:**

Blair Clafin, Director – Sustainability Communications, Cummins Inc., 301 E. Market Street, Indianapolis, Indiana 46201  
Email: blair.clafin@cummins.com.

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**102-54** **Claims of reporting in accordance with the GRI Standards:**

Core

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**102-56** **External assurance:**

Cummins' financial data is audited by PricewaterhouseCoopers LLP. The environmental, corporate responsibility, diversity, safety and governance data has been assured by Bureau Veritas. Bureau Veritas' assurance letters are included on [page 56](#).

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# ECONOMIC STANDARDS

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## **201-1** *Direct economic value generated and distributed:*

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In 2019, Cummins earned a net income of \$2.3 billion on revenues of \$23.6 billion. For a full discussion on the company's finances, please see the company's [2019 Annual Report on Form 10-K](#).

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## **201-2** *Financial implications and other risks and opportunities due to climate change:*

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Climate change presents both risk and opportunity for Cummins. For example, more than a third of the company's water use is in water stressed areas, potentially impacting the company's supply chain. It's an opportunity, however, in that companies wanting to do business in countries that want to reduce their production of greenhouse gases (GHG) may choose to use clean, efficient Cummins products, including our newest Electrified Power powertrains. Cummins is engaged in the Science Based Targets initiative, which uses environmental science to support companies with GHG reduction target setting, consistent with limiting global warming to 2 degrees Celsius or lower. The company's PLANET 2050 strategy includes science-based goals. To learn more, see page 20 of the company's [2019 Sustainability Progress Report](#).

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## **201-3** *Defined benefit plan obligations and other retirement plans:*

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Cummins believes strongly that sustainability begins with a solid financial performance. Without that, a company doesn't have the resources to tackle other sustainability initiatives. Cummins' sustainability initiatives are built on a foundation of solid financial performance. That includes the company's pension obligations. To learn more, the company's pension obligations are outlined on page 50 and referred to throughout the company's [2019 Annual Report on Form 10-K](#).

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## **201-4** *Financial assistance received from government:*

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Cummins does not do this calculation, but the company does work in public-private partnerships to encourage innovation. To see more on Cummins' partnerships with the Department of Energy and others, go to page 57 of the [2019 Sustainability Progress Report](#). A government body, on occasion, can be a customer such as the LA Metro transit system's purchase of Cummins Westport natural gas engines for its bus fleet. Cummins is also working with Achates Power on a contract with the National Advanced Mobility Consortium to develop and demonstrate a technologically advanced engine for the next generation of U.S. combat vehicles.

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## **ECONOMIC STANDARDS**

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### **MARKET PRESENCE**

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#### **202-1 Ratios of standard entry level wage by gender compared to local minimum wage:**

Cummins does business in 190 countries around the world, making this kind of calculation extremely difficult. The company's Code of Conduct states that we follow the law everywhere. Cummins recognizes that market-based pay rates, at times, do not deliver wages necessary for a sustainable lifestyle. To that end, the company collects "Living Wage" data to ensure Cummins' wages provide a sustainable living condition for its employees. Living Wage data is sourced from BSR (Business for Social Responsibility), an independent organization committed to building a just and sustainable world.

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#### **202-2 Proportion of senior management hired from the local community:**

As a global company, Cummins tracks leadership by country of birth. The company wants to make sure its management reflects the markets where Cummins does business and isn't concentrated in one or two countries. The number of leaders from outside the U.S. has been growing steadily since 2000 and in 2019 was 45%.

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### **PROCUREMENT PRACTICES**

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#### **204-1 Proportion of spending on local suppliers:**

As a global company, defining "local" is difficult. In August 2016, Cummins was inducted into the Billion Dollar Roundtable, a prestigious advocate for best practices in corporate supplier diversity. Members must have exceeded \$1 billion in annual spending with diverse suppliers. In 2019, global spending with suppliers who self-identify as diverse in their region of the world was \$1.83 billion.

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## **ECONOMIC STANDARDS**

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### **ANTI-CORRUPTION**

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#### **205-1 Operations assessed for risks related to corruption:**

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Cummins assesses ethics related risk as much by position as by facility. The company offers more than a dozen ethics and compliance training courses, which can be mandatory for people working in certain occupations. Anti-corruption training has been rolled out to the vast majority of employees and contractors and Cummins is working on expanding training in the company's joint ventures. To learn more about the company's efforts, go to the Ethics & Compliance section on page 49 of the company's [2019 Sustainability Progress Report](#).

#### **205-2 Communication and training about anticorruption policies and procedures:**

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Cummins conducts an annual Ethics Certification campaign, asking employees, including members of the company's Board of Directors, to state they are following all key compliance policies. As of March 2020, 33,186 employees had completed the 2019 certification process. The Ethics and Compliance team reviews any exceptions and works with Cummins' Human Resources function to document and investigate those exceptions. The company also includes several anticorruption mandatory trainings, including anti-bribery, conflicts of interest, doing business ethically and preventing money laundering. To learn more, see page 49 of the [2019 Sustainability Progress Report](#).

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## **ECONOMIC STANDARDS**

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### **ANTI-CORRUPTION**

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**205-3** **Confirmed incidents of corruption and actions taken:**

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Cummins compiles and reports on any violation of its Code of Conduct. It does not distinguish by the type of violation. The company has a team of master investigators who investigate complaints in countries around the world. In 2019, 2,436 cases were investigated, 47% of those cases were substantiated and 41% of the substantiated cases led to terminations. The full chart is on page 51 of the [2019 Sustainability Progress Report](#). The company did not report any court cases material to Cummins' financial success in the [Annual Report on Form 10-K](#).

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### **ANTI-COMPETITIVE BEHAVIOR**

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**206-1** **Legal actions for anti-competitive behavior, anti-trust, and monopoly practices:**

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Cummins reported no such cases material to the company's financial performance in the [2019 Annual Report on Form 10-K](#).

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# ENVIRONMENTAL STANDARDS

## TOPIC SPECIFIC STANDARDS

### 302 – ENERGY 2016

103-  
1,2,3

#### *Management approach*

Energy use within Cummins and energy use by our products has a large economic and environmental impact. Accordingly, Cummins manages its Energy use within its overall Health Safety and Environmental Management System (HSEMS). The 2018 Cummins Health, Safety and Environmental (HSE) Policy applies to the Cummins Inc. organizations worldwide, including Cummins Inc. subsidiaries and joint ventures in which Cummins Inc. has a controlling interest or the management responsibility.

The Energy Management System (EnMS) is the part of the overall HSEMS that includes ISO 50001 organizational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining the energy portion of the Corporate HSE policy. In the Cummins Enterprise System, the EnMS is entirely integrated within the Environmental Management System (EMS). References to EMS include the EnMS.

Cummins' HSE policy demands that everything we do leads to a cleaner, healthier and safer environment. To fulfill this mission, we must achieve performance greater than what the applicable compliance requirements and standards demand of our operations for health, safety and environment.

Cummins' leadership will facilitate this mission by providing the necessary resources and information to meet aggressive improvement targets in the areas of:

- » illness and injury prevention;
- » health and wellbeing promotion;
- » pollution prevention; and
- » natural resources conservation.



## **ENVIRONMENTAL TOPIC SPECIFIC STANDARDS**

### ***Management approach (continued)***

Cummins has implemented the Enterprise Health, Safety and Environmental Management System (HSEMS), consisting of procedures, processes and tools, to deliver on the commitments of this policy. The key elements of the HSEMS are defined in Cummins' HSEMS Manual, CORP-08-01-00-00, and can be found in the company document control database. Every Cummins employee and person working for or on behalf of Cummins is expected to comply with this policy. Cummins must do the following things to meet the objectives of this policy:

- » Cummins will set substantial and measurable objectives in managing health, safety and the environment and commit to continual improvement in these areas.
- » We will identify and pursue opportunities to use our talents and capabilities to improve the environment and quality of life in the communities where we operate.
- » We will continue to implement management programs developed to ensure that our products, services and activities always comply with applicable laws and other requirements established to protect health, safety and the environment.
- » We will continually work to reduce our emissions and discharges to air, land and water; the amount of waste we generate; and the amount of natural resources that we use, including water, energy and raw materials.
- » We will systemically assess operations that have the potential to harm people or impact the environment and aggressively work towards risk elimination.
- » We will evaluate the machinery, equipment, products and services we use, preferring those with the best possible health, safety and environmental performance.
- » We will be transparent in our efforts to improve health, safety, and environment by reporting details of our performance to the public; and
- » We will periodically review and communicate our progress toward our objectives. Finally, our efforts to pursue excellence in health, safety and environment require the attention and care of every employee, especially leadership, throughout Cummins. This policy will be reviewed and communicated to all persons working for or on behalf of our company at least annually.



**ENVIRONMENTAL**  
**TOPIC SPECIFIC**  
**STANDARDS**

***Management approach (continued)***

Climate change presents both risk and opportunity for Cummins. It's an opportunity, however, in that companies wanting to do business in countries that want to reduce their production of greenhouse gases may choose to use clean, efficient Cummins products, including our newest Electrified Power powertrains.

In 2017, Cummins signed on to the Science Based Targets Initiative (SBTi) which uses environmental science to support companies with GHG reduction target setting, consistent with limiting global warming to 2 degrees Celsius or lower. To learn more, go to page 22 of the company's 2018 Sustainability Progress Report. Cummins carefully considered the recommendations of the October 2018 International Panel on Climate Change's report in calculating its proposed targets. The company's commitment will apply to its next product in use and facility energy/ GHG reduction targets to be announced in 2019.

Cummins' three energy/ GHG reduction goals (including the current one with a goal completion year of 2020) have used the principles and data of science-based target setting while not officially part of the initiative.

***Note: Refer to Question C2.3a for risks and C2.4a (pages 14-18) opportunities from 2018 CDP Climate Change Report.***

**ENVIRONMENTAL  
TOPIC SPECIFIC  
STANDARDS**

**Management approach (continued)**

FUEL TYPE	TOTAL MWH CONSUMED	EMISSION FACTOR SOURCE	COMMENT
Fuel Oil Number 2	527634	Solid, gaseous, liquid, and biomass fuels: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410. Revised emission factors for selected fuels: Federal Register (2010) EPA; 40 CFR Part 98; Mandatory Reporting of Greenhouse Gases; Final Rule, 17Dec10, 81 pp. With Amendments from Memo: Table of Final 2013 Revisions to the Greenhouse Gas Reporting Rule (PDF) to 40 CFR part 98, subparts C and AA: Table C-1 to Subpart C—Default CO <sub>2</sub> Emission Factors and High Heat Values for Various Types of Fuel, Table C-2 to Subpart C—Default CH <sub>4</sub> and N <sub>2</sub> O Emission Factors for Various Types of Fuel, and Table AA-1 to Subpart AA of Part 98—Kraft Pulping Liquor Emissions Factors for Biomass-Based CO <sub>2</sub> , CH <sub>4</sub> , and N <sub>2</sub> O.	This is used for Scope 1 Stationary Combustion emissions.
Natural Gas	567993	Solid, gaseous, liquid and biomass fuels: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410. Revised emission factors for selected fuels: Federal Register (2010) EPA; 40 CFR Part 98; Mandatory Reporting of Greenhouse Gases; Final Rule, 17Dec10, 81 pp. With Amendments from Memo: Table of Final 2013 Revisions to the Greenhouse Gas Reporting Rule (PDF) to 40 CFR part 98, subpart C: Table C-1 to Subpart C—Default CO <sub>2</sub> Emission Factors and High Heat Values for Various Types of Fuel and Table C-2 to Subpart C—Default CH <sub>4</sub> and N <sub>2</sub> O Emission Factors for Various Types of Fuel.	This is used for Scope 1 Stationary Combustion emissions.
Propane Liquid	13480	Solid, gaseous, liquid and biomass fuels: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410. Revised emission factors for selected fuels: Federal Register (2010) EPA; 40 CFR Part 98; Mandatory Reporting of Greenhouse Gases; Final Rule, 17Dec10, 81 pp. With Amendments from Memo: Table of Final 2013 Revisions to the Greenhouse Gas Reporting Rule (PDF) to 40 CFR part 98, subpart C: Table C-1 to Subpart C—Default CO <sub>2</sub> Emission Factors and High Heat Values for Various Types of Fuel and Table C-2 to Subpart C—Default CH <sub>4</sub> and N <sub>2</sub> O Emission Factors for Various Types of Fuel.	This is used for Scope 1 Stationary Combustion emissions and Mobile Emissions.
Stationary Gasoline	782		
Motor Gasoline	64197	Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2. Climate Leaders Greenhouse Gas Inventory Protocol Core Module Guidance - Direct Emissions from Mobile Combustion Sources, Table B-5. The CH <sub>4</sub> and N <sub>2</sub> O are calculated using Climate Leaders Mobile Sources Guidance, Table 3; Global warming potential Source: Intergovernmental Panel on Climate Change (IPCC), Fourth Assessment Report (AR4), 2007.	This is used for calculating scope 1 mobile source emissions.
Diesel	118031	US EPA Emission Factors for Greenhouse Gas Inventories Last Modified: 4 April 2014 Solid, gaseous, liquid and biomass fuels: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410. Revised emission factors for selected fuels: Federal Register (2010) EPA; 40 CFR Part 98; Mandatory Reporting of Greenhouse Gases; Final Rule, 17Dec10, 81 pp. With Amendments from Memo: Table of Final 2013 Revisions to the Greenhouse Gas Reporting Rule (PDF) to 40 CFR part 98, subpart C: Table C-1 to Subpart C—Default CO <sub>2</sub> Emission Factors and High Heat Values for Various Types of Fuel and Table C-2 to Subpart C—Default CH <sub>4</sub> and N <sub>2</sub> O Emission Factors for Various Types of Fuel. The CH <sub>4</sub> and N <sub>2</sub> O are calculated using Climate Leaders Mobile Sources Guidance, Table 3; Global warming potential Source: Intergovernmental Panel on Climate Change (IPCC), Fourth Assessment Report (AR4), 2007.	This is used for Scope 1 mobile source emissions and Scope 3 Use of Sold Products emission calculations.
Jet Kerosene	19353	Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2. Climate Leaders Greenhouse Gas Inventory Protocol Core Module Guidance - Direct Emissions from Mobile Combustion Sources, Table B-5. The CH <sub>4</sub> and N <sub>2</sub> O are calculated using Climate Leaders Mobile Sources Guidance, Table 3; Global warming potential Source: Intergovernmental Panel on Climate Change (IPCC), Fourth Assessment Report (AR4), 2007.	This is used for calculating scope 1 mobile source emissions.

**ENVIRONMENTAL  
TOPIC SPECIFIC  
STANDARDS**

**302-1**

**Energy consumption within the organization**

The data presented C8.2a and C8.2c of Cummins' 2019 CDP Climate Change Report are tabulated below:

	<b>MWH FROM RENEWABLE</b>	<b>MWH FROM NON-RENEWABLE</b>	<b>TOTAL MWH</b>
Consumption of fuel (excluding feedstock)	0	1311470	1311470
Consumption of purchased or acquired electricity	5203	1044641	1049845
Consumption of purchased or acquired heat	Not applicable	Not applicable	Not applicable
Consumption of purchased or acquired steam	0	14533	14533
Consumption of purchased or acquired cooling	Not applicable	Not applicable	Not applicable
Consumption of self-generated non-fuel renewable energy	1924	Not applicable	1924
Total energy consumption	7127	2370644	2377771

**302-2**

**Energy consumption outside the organization**

See Tables for 302.1

**ENVIRONMENTAL  
TOPIC SPECIFIC  
STANDARDS**

**302-4 Reduction of energy consumption**

Note: Refer to:

- » CDP Section C4.3a: Emission reduction initiatives identifies total number of projects at each stage of development. Implemented projects are expressed in total estimated annual CO<sub>2</sub>e savings.
- » CDP Section 4.3b: provides details on the initiatives implemented in the reporting year in CO<sub>2</sub>e.
- » CDP Section C4: Targets and Performance requires information of emission intensity targets and progress made against those targets; the metric is in CO<sub>2</sub>e.

**302-5 Reductions in energy requirements of products and services.**

See page 17 of the Cummins 2018 Sustainability Progress Report. The figures tabulated below represent the outcomes of R&D projects with customers to optimize the fuel economy of products sold.

YEAR	RUN RATE IN METRIC TONS
2014	0.7 million
2015	1.6 million
2016	2.9 million
2017	3.4 million
2018	4.3 million
2019	4.3 million
<b>2020 GOAL YEAR</b>	<b>ACHIEVED</b>

**RESEARCH AND DEVELOPMENT**

*Cummins spent a record amount on research and development in 2019*

2014	\$754 MILLION
2015	\$735 MILLION
2016	\$637 MILLION
2017	\$754 MILLION
2018	\$902 MILLION
<b>2019</b>	<b>\$1.001 BILLION</b>





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**ENVIRONMENTAL**  
**TOPIC SPECIFIC**  
**STANDARDS**

**REMANUFACTURING ALSO SAVES ENERGY**

Since 95% of Cummins products are made of metal, many of its components are inherently recyclable.

Cummins' remanufacturing business is the company's first and oldest "green business" and the ultimate form of the "three Rs" – reduce, reuse and recycle. Remanufacturing returns Cummins' engines and parts to productive use, keeping them out of landfills longer. In addition, the practice saves energy that would otherwise be used to manufacture new products. Specifically, within the remanufacturing business, 90% of products sold are returned to be remanufactured. The company estimates that approximately 5% of Cummins total products sold (not all are candidates for remanufacture) are returned to be remanufactured. Some countries do not permit the sale of remanufactured items. Others will only allow remanufactured items to be sold in the country of their original manufacture. In still other cases, Cummins engines and components are remanufactured by other third parties. See more on the company's commitment to product stewardship.

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**ENVIRONMENTAL  
TOPIC SPECIFIC  
STANDARDS**

**305 – EMISSIONS 2016**

103-  
1,2,3

**Management approach**

See **Disclosure 302 – Energy Management Approach**.

Operational control was used as our consolidation approach per the Greenhouse Gas Protocol emissions accounting methodology. The methodology used to collect activity data and calculate Scope 1 and Scope 2 emissions include ISO 14064-1, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), US EPA Climate Leaders: Indirect Emissions from Purchases/ Sales of Electricity and Steam, US EPA Climate Leaders: Direct Emissions from Stationary Combustion, US EPA Climate Leaders: Direct Emissions from Mobile Combustion Sources, and the US EPA Mandatory Greenhouse Gas Reporting Rule.

**305-1**

**Direct (Scope 1) GHG emissions**

Direct (and indirect) emissions in CO<sub>2</sub> metric tons equivalent are provided on **page 70**. Please also see our 2019 CDP Climate Change disclosure. Our 2018 Scope 1 emissions, tabulated below, include: (1) Stationary combustion, (2) Generation of sold electricity, (3) Fugitive SF<sub>6</sub>, CO<sub>2</sub>, (4) Mobile sources and (5) Refrigerant emissions. 2010 is used as our base year, with Scope 1 emissions equaling 249097 mt CO<sub>2</sub>e.

GREENHOUSE GAS	SCOPE 1 (METRIC TONS OF CO <sub>2</sub> E)	GWP REFERENCE
CO <sub>2</sub>	290318	IPCC Fourth Assessment Report
CH <sub>4</sub>	205	IPCC Fourth Assessment Report
N <sub>2</sub> O	505	IPCC Fourth Assessment Report
HFCs	14919	Methodology based on Facility Sqft.
Other (Fugitive SF <sub>6</sub> , CO <sub>2</sub> )	23	IPCC Fourth Assessment Report
Biologically sequestered carbon	23.09	
Gross global Scope 1	305970	

Cummins reports both Scope 2 location-based and market-based figures. Indirect emissions in CO<sub>2</sub> metric tons equivalent are provided on page 33 on the 2018 Data Book. Please also see our 2019 CDP Climate Change disclosure.

In 2018 our Scope 2 location-based emissions equaling 566875 Mt CO<sub>2</sub>e and market-based emissions equaling 572872 Mt CO<sub>2</sub>e. Our 2018 Scope 2 emissions include: (1) Electricity, (2) Hot Water, (3) Steam. 2010 is used as our base year, with Scope 2 location-based emissions equaling 547158 Mt CO<sub>2</sub>e and market-based emissions equaling 547158 Mt CO<sub>2</sub>e.

The following sources were used to calculate location-based emissions: 1) US EPA eGRID 2016, February 15, 2018. 2) International Sources (unless mentioned separately) Year 2014 factors from “CO<sub>2</sub> Emissions from Fuel Combustion (2016 Edition)”, IEA, Paris. 3) CH<sub>4</sub>/N<sub>2</sub>O: International Electricity Emission Factors by Country, 1999-2002.xls. International Energy Agency, as cited by EIA for 1605b. [http://www.eia.doe.gov/oiaf/1605/emission\\_factors.html](http://www.eia.doe.gov/oiaf/1605/emission_factors.html). 4) Australia: Latest estimated scope 2 emission factors for consumption of purchased electricity from the grid; Source: National Greenhouse Gas Accounts (NGA) Factors, July, 2018. 5) Brazil: Year 2018 factors from the Ministry of Science, Technology, and Innovation, “Fator médio - Inventários corporativos.” 6) Canada: “National Inventory Report, 1990-2016: Greenhouse Gas Sources and Sinks in Canada” Annex 13: Emission Factors, Table A13-2 - A13-13. 7) India: CO<sub>2</sub> factors from India Central Electricity Authority: CO<sub>2</sub> Baseline Database for the Indian Power Sector, Version 13.0, June 2018. 8) UK: 2018 Government GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors. Year 2016 Factors. From July 2018 Release. For market-based calculations, Cummins used residual mix factors for European facilities. Source: European Residual Mixes 2017; Association of Issuing Bodies; Version 1.13, 2018-07-11. As residual mix factors are not currently available for facilities outside of Europe, the calculations default to location-based emissions for purchased electricity.

Cummins' 2018 Scope 3 GHG emissions are detailed below, broken down by emission categories. Please also see our [2019 CDP Climate Change disclosure](#).

**Purchased goods and services resulted in 4269000 Mt CO<sub>2</sub>e.** Cummins total spend data for direct purchasing (including raw materials - metals and commodities usage) as well as total 2018 indirect purchase expenses (including IT, supply chain services, real estate, engineering, corporate services, etc.) were used to estimate the associated Scope 3 emissions. For purchased raw materials, cradle to gate approach was used to estimate the scope 3 emissions using the 2011 purchase data and was calculated for 2018 based on revenue change factor. For indirect purchasing goods and services, UK DEFRA's SIC Codes closest to the spend category and 2009 emission factors were utilized to estimate the scope 3 emissions (Reference/Source of Emission factors: Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance; June 2013; pb13944-env-reporting-guidance.pdf; defra.uk). We assume that 20% of the commodities used are MRO/Chemicals that is part of the indirect purchasing. Also we assume 50 percent of the IT and engineering purchases come under this category and rest in the capital goods category. We assume that the CMI spend on Corporate services is comprised of the following SIC categories: Insurance and pension funds - 10 percent; Auxiliary financial services - 10 percent; and Legal, consultancy, other business activities - 80 percent. The purchase expenses not tracked through the centralized database is assumed to be of the same proportion for purchase goods and services as that from the centralized tracking database. We used 2018 indirect purchase data and also emissions estimated during Cummins environmental hot spot analysis study conducted in 2012 based on 2011 data adjusted to 2018 revenue. The hot spot analysis also includes the direct purchases of metals and other raw materials that go into the manufacturing of engines.

**Capital goods resulted in 450000 Mt CO<sub>2</sub>e.** Cummins' total 2018 spend data for capital goods purchases in facilities & construction, IT, engineering and machinery was used to estimate the scope 3 emissions. UK DEFRA's SIC Codes closest to the spend category and 2009 emission factors were utilized to estimate the scope 3 emissions (Reference/Source of Emission factors: Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance; June 2013; pb13944-env-reporting-guidance.pdf; defra.uk). We assume that 100 percent of the indirect purchasing on facilities and construction is towards capital goods purchases.

## **ENVIRONMENTAL TOPIC SPECIFIC STANDARDS**

**Fuel-and-energy-related activities (not included in Scope 1 or 2) resulted in 176000 Mt CO<sub>2</sub>e.** The activity data used to quantify these activities emissions are the quantity of energy consumed for each energy type, such as electricity or natural gas. Consumption by fuel type is then multiplied by emission factors for each of the activities included in this category. Emission factors for upstream emissions of purchased fuels are based on life-cycle analysis software. Emission factors for upstream emissions of purchased electricity are based on life-cycle analysis software for the US, and on UK Defra 2012 Guidelines for other countries. Emission factors for T&D losses are based on EPA's eGRID database for the US, and on UK Defra 2012 Guidelines for other countries. GWPs are IPCC Second Assessment Report (SAR - 100 year). This calculation includes scope 3 emissions from fuel and energy related activities from owned and operated facilities, 50:50 joint ventures subscribed to Cummins Enterprise Environmental Management System and 50:50 manufacturing joint venture where Cummins has significant influence on operations.

**Upstream transportation and distribution resulted in 765000 Mt CO<sub>2</sub>e.** The 2018 spend data for transportation and distribution was assumed to be equal to 80 percent of the expenses on supply chain services. It was also assumed that 70 percent of the logistics was through road, 10 percent through rail, 10 percent through water and 10 percent through air. UK DEFRA's SIC Codes for Rail, Road, Water and Air categories and 2009 emission factors were utilized to estimate the scope 3 emissions (Reference/Source of Emission factors: Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance; June 2013; pb13944-env-reporting-guidance.pdf; defra.uk).

**Waste generated in operations resulted in 8000 Mt CO<sub>2</sub>e.** The Waste Reduction Model (WARM) created by the U.S. Environmental Protection Agency (EPA) was used to quantify the scope 3 emissions for the landfilled waste, combusted waste and composted waste from Cummins global facilities for the year 2018. As there were no separate categories available for incinerated waste and waste that was burned for energy recovery, both were included in the combusted waste category and default factors in the tool were used to calculate the GHG emissions. Due to non-availability of exact categories, the general refuse / garbage generated was categorized as Mixed Organics as it includes primarily food waste from canteen, grass clippings from lawn etc. and the process derived industrial waste was categorized as Mixed MSW. Composted waste data from global facilities and the same was included in the emissions analysis (Reference/Source: EPA WARM Model).

In 2019, Cummins recycled about 91 percent of the global waste generated. This includes metals, electronic items, paper, plastics and corrugated boxes. As the model shows a GHG reduction for recycled product categories, the same was not included in the WARM model.

## **ENVIRONMENTAL TOPIC SPECIFIC STANDARDS**

**Business Travel resulted in 40800 Mt CO<sub>2</sub>e.** All air travel data are tracked through a service provided to Cummins by AmEx. Emissions are calculated using US EPA EF Hub November 2015 v2 Table 8, as per short, medium, and long-haul air travel categories and the associated emission factors. Car rental mileage is provided by rental car companies (Hertz and Enterprise). The total emissions are calculated using US EPA EF Hub Passenger Car factors. Used 2018 FY mileage data from Enterprise. For Hertz used the 2016 FY data and adjusted based on the 2016-17 and 2017-2018 YoY increase in air travel. Data was provided to Cummins by American Express, the air travel services provider, and the car rental providers Enterprise and Hertz. This data is emissions from air travel for more than 12,500 flights and 17,500,000 miles in rented cars worldwide.

**Employee Commuting resulted in 124000 Mt CO<sub>2</sub>e.** Calculations derived from general country (outside of US) direct data and assumptions plus per state employee headcount data. Some direct and some derived assumptions of commuter mileage and mode of transportation. (Source of Emission factors: US EPA (2008); Greenhouse Gas Inventory Protocol Core Module Guidance - Direct Emissions from Mobile Combustion Sources, EPA Climate Leaders, Tables A-6 and A-7). Cummins employees outside of the US tend to use transportation modes other than single-passenger personal vehicles more than their US counterparts. While it results in fewer GHG emissions, it is harder to track. This data represents the estimates conducted in 2012 by the regional environmental leaders and adjusted for 2018 employee headcount.

**Upstream Lease Assets resulted in 27300 Mt CO<sub>2</sub>e.** Cummins leased facilities exempt from environmental reporting that are shared facilities with no operational control, separate meter and utility bills is considered under this category. Based on the Area Business Organization (ABO), Business Unit (BU) and facility type (e.g. office, warehouse, etc.), scope 1 and scope 2 emissions intensity were estimated and applied based on the occupied square footage. The total square footage is assumed to be the same as 2012. The Scope 1 and Scope 2 intensity is based on the average country specific Scope 1 and Scope 2 emission intensities at CMI owned/managed facilities. The list of facilities that are included in this category is maintained by the facilities real estate and the utility charges are included in the lease amount. We applied the country specific intensity factor for scope 1 and scope 2 and multiplied by the area of the leased facility in each country to get the totals.

**Downstream Transportation and distribution resulted in 765000 Mt CO<sub>2</sub>e.** Most Cummins customers pay for the transportation of products sold to them, either directly or via part of an overall invoice. Since separate data was not available, it was assumed that downstream transportation and distribution emissions associated with the shipping and distribution of final products to customers were same as those from upstream transportation and distribution of parts and input materials. Most Cummins customers pay for the transportation of products sold to them, either directly or via part of an overall invoice. There's no separate dollar spend available. Hence an assumption was made that downstream transportation and distribution emissions of shipping and distribution of final products to customers were the same as upstream transportation and distribution of parts and input materials.

## **ENVIRONMENTAL TOPIC SPECIFIC STANDARDS**

**Processing of sold products resulted in 3000 Mt CO<sub>2</sub>e.** Engine weights used in the general categories of mid-range, heavy-duty and high-horsepower were derived by updating the 2012 calculation of weighted-average by volume of the various engine families within those three categories. Custodial engine volumes were taken from annual report Form 10-K and JV engine volumes were estimated using year over year JV revenue growth. Assumptions were made on the power of the power tools / hoist used and the time taken to install each unit. Calculations are based on engines shipped as detailed in Cummins 2018 Annual Report on Form 10-K and JV volumes were estimated applying revenue growth factor.

**Use of sold products resulted in 809000000 Mt CO<sub>2</sub>e.** Cummins use of sold product emissions were calculated using overall volumes by segment and engine model, which were then multiplied by the attrition rates to determine the volumes in operation each year moving forward. 2018 emissions were calculated by adjusting overall 2018 engine volumes against 2015 volumes. We used the long-standing Cummins New and Recon parts proprietary parts consumption model as well as customer engineering analysis to determine the attrition rate. We then multiplied each of these yearly figures by an age factor (i.e., a 10 year old truck will not operate the same number of hours or miles as a brand new truck) and then converted miles per gallon or gallons per hour to million metrics tons of CO<sub>2</sub>. The CO<sub>2</sub>e conversion factor for Diesel was applied based on the EPA's EF Hub and AR 4. The lifetime CO<sub>2</sub> emissions of more than 1 million engines produced by Cummins and its joint ventures in 2018. Overall volume of engines for custodial plants was down in 2018, the associated GHG emissions went down due to product mix: • Sharp drop in engines for off-highway (construction & agriculture), HHP (mining, O&G, rail, military, etc.) & PowerGen more than off-set the increase in on-highway • MMT of CO<sub>2</sub> was up 32 for on-hwy, down 32 for off-hwy, down 36 for HHP and down 70 for PowerGen.



## **ENVIRONMENTAL TOPIC SPECIFIC STANDARDS**

**End of life treatments of sold products resulted in 64500 Mt CO<sub>2</sub>e.** Cummins conducted a hot spot analysis to evaluate the impact of the end of life treatment of sold products. The waste related to sold product is primarily iron and steel (more than 90%). The estimates are based on landfilling, processing, and recycling of the generated wastes associated with those products. The assumption is 5% of the products are scrapped – 90% is melted / processed. The emissions were adjusted based on the change in the number of engine units shipped between 2011 and 2018. The emissions reported here are the estimated emissions from the scrap of all products in use in the year 2011. This is different from the forward-looking end of life emissions from all products sold in the year 2018. Heavy-duty truck engine sales decreased \$673 million primarily due to lower demand in the North American heavy-duty truck market with decreased engine shipments of 38 percent. Medium-duty truck and bus sales decreased \$235 million primarily due to lower demand in most global medium-duty truck markets with decreased engine shipments of 17 percent – primarily in North America, Brazil and Mexico. Off-highway sales decreased \$64 million primarily due to decreased engine shipments in several North American industrial markets, partially offset by increased unit shipments of 25 percent in international construction markets.

**Downstream leased assets resulted in 64500 Mt CO<sub>2</sub>e.** This category represents our rental generator fleet. We have made assumptions on generator use - as some generators are used as backup power and others operate full time. The total number of rental fleet generators at North American distributor locations were collected for 2012. Total fuel usage was estimated based on the number of generators from each kW category, efficiency and monthly average run time. The emissions were adjusted to change in the power solutions business. This calculation is from 1,340 units rented through our North American distributors during 2012 and doesn't include similar fleets outside North America. The total emissions were adjusted proportionate to the drop-in power solutions business in 2015 compared to 2012. In 2018, since no separate power solutions sales were available (similarly to the prior year), change in the power systems business was used as a proxy. Power systems business saw a 14 percent increase in business in 2018 as compared to 2017 and it was assumed that this was reflected in power solutions as well.

**Franchises did not result in CO<sub>2</sub>e emissions.**



## ENVIRONMENTAL TOPIC SPECIFIC STANDARDS

**Investments resulted in 54300 Mt CO<sub>2</sub>e.** Emissions from 50:50 joint venture investments in China and India are included in Scope 1 and Scope 2 based on operational control scope. The rest of the minority and unconsolidated joint venture operations where Cummins doesn't have operational or administrative control are included in this category. Cummins holds minority stakes (<20% and 20-50% equity investee) in several distributor businesses and manufacturing operations especially in North America and Rest of the World (excluding India and China). Emissions are calculated using unconsolidated revenue data and proportionate emissions from the consolidated and 50:50 JV revenues.

**Other – Cummins has not evaluated the emissions resulting from other upstream or downstream operations.**

305-4

### GHG emissions intensity.

Please see C6.10 the 2019 CDP Climate Change disclosure. Gross global combined Scope 1 and 2 emissions are tabulated below:

INTENSITY FIGURE	METRIC NUMERATOR (GROSS GLOBAL COMBINED SCOPE 1 + 2 EMISSIONS)	METRIC DENOMINATOR	METRIC DENOMINATOR: UNIT TOTAL	SCOPE 2 FIGURE USED	% CHANGE FROM PREVIOUS YEAR	DIRECTION OF CHANGE
0.00003787	878842	Unit total revenue	23208600000	Market-based	9.1%	decreased

The decrease in Cummins' 2018 gross global combined Scope 1 and 2 emissions intensity is due to an increase in revenue (inflation adjusted to 2010\$) by 14.7% in 2018 while emissions only increased by 3.9%. This resulted in a net decrease in the revenue based gross global combined Scope 1 and 2 emissions. Cummins continues to use a facility investment plan approach to reduce emissions, with a focus on test cell energy recovery and investments in on-site renewable projects to offset electricity purchased from the grid. Ongoing site projects include "smart" lighting and improvements to building exteriors, and heating and cooling systems. Cummins invested \$15 million in 140 energy efficiency and onsite solar photovoltaic capital projects during 2018, towards achieving its energy and greenhouse gas goals with projected cost savings of \$5.2 million per year. Global campaigns were launched for LED lighting and compressed air efficiency. Note that emission intensity was calculated in prior years as metric tons CO<sub>2</sub>e per million dollars of revenue. This has been corrected to metric tons of CO<sub>2</sub>e per dollar of revenue (i.e. "per unit of currency" rather than "per million units of currency"). This is the reason for the significant change in the reported intensity.

**ENVIRONMENTAL  
TOPIC SPECIFIC  
STANDARDS**

305-5

**Reduction of GHG emissions.**

As compared to 2017, the change in emissions (metric tons CO<sub>2</sub>e), emission value (percentage), direction of change, and reasons for change are reported in C7.9a of our **2019 CDP Climate Report** and are tabulated below.

	<b>CHANGE IN EMISSIONS (METRIC TONS CO<sub>2</sub>E)</b>	<b>DIRECTION OF CHANGE</b>	<b>EMISSIONS VALUE (PERCENTAGE)</b>	<b>PLEASE EXPLAIN CALCULATION</b>
<b>Change in renewable energy consumption</b>	297	Decreased	0.04	On-site electricity generation from renewable sources (e.g. on-site solar panels) where Cummins retained the renewable energy certificates (RECs) increased from 407 MWh in 2017 to 950 MWh in 2018. The difference between the existing amount of on-site electricity generation from renewable sources at the beginning of 2018 (407 MWh) and the amount at the end of the year (950 MWh) was determined to be the amount by which energy generation within this category increased in 2018 (543 MWh). The metric tons of CO <sub>2</sub> e that this increase represented was determined by multiplying 543 MWh by the ratio of Scope 2 location-based emissions in 2018 to MWh of electricity used (i.e. metric tons CO <sub>2</sub> e per MWh), yielding 297 metric tons CO <sub>2</sub> e. The change in emissions attributed to these activities was then calculated by dividing 297 MT CO <sub>2</sub> e by the combined Scope 1 and Scope 2 location-based emissions in the prior year (2017) and multiplying by 100. The percent by which increased on-site electricity generation from renewable sources (for which Cummins retained RECs) reduced CO <sub>2</sub> e was calculated to be 0.04%.
<b>Other emissions reduction activities</b>	33920	Decreased	4.01	Cummins implemented 203 emission reduction initiatives in 2018, resulting in an estimated CO <sub>2</sub> e savings of 33,920 metric tons. This was a reduction of 4.01% as compared to the total Scope 1 and Scope 2 location-based emissions in 2017 (845,472 MT CO <sub>2</sub> e). The change in emissions attributed to these activities was calculated by dividing the sum of the emission reductions achieved through the projects implemented in 2018 (33,920 MT) by the total emissions in 2017 (845,472 MT Scope 1 + Scope 2 location-based). This value was then multiplied by 100 to yield the percent by which initiatives in 2018 reduced CO <sub>2</sub> e.
<b>Divestment</b>	0	No change	0	No divestment that significantly impacted emissions.
<b>Acquisitions</b>	0	No change	0	No acquisitions that significantly contributed to the emissions.
<b>Mergers</b>	0	No change	0	No mergers that significantly contributed to the emissions
<b>Change in output</b>	61590	Increased	7.28	Increased production and business activities in 2018 resulted in a change in CO <sub>2</sub> e output of 61,590 metric tons. This value was calculated such that the emission reduction activities implemented in 2018 were excluded, thereby showing how the output of emissions would have changed without the introduction of those measures. This was an increase of 7.28% as compared to the total Scope 1 and Scope 2 location-based emissions in 2017 (845,472 MT CO <sub>2</sub> e). The percent increase was calculated by dividing the change in CO <sub>2</sub> e output in 2018 (61,590 MT) by the total emissions in 2017 (845,472 MT Scope 1 + Scope 2 location-based). This value was then multiplied by 100 to yield the percent by which CO <sub>2</sub> e output would have increased without emission reduction measures.
<b>Change in methodology</b>	0	No change	0	No change in methodology
<b>Change in boundary</b>	0	No change	0	No change in boundary
<b>Change in physical operating conditions</b>	0	No change	0	No change in physical operating conditions
<b>Unidentified</b>	0	No change	0	No unidentified changes
<b>Other</b>	0	No change	0	No changes other than what is listed above

## ENVIRONMENTAL TOPIC SPECIFIC STANDARDS

305-6

### Emissions of ozone-depleting substances (ODS).

Cummins is working on a policy to phase out ODS from Cummins operations in the future. Therefore, the company is not collecting ODS emission data from the corporate level at this time.

The current ODS management procedure (CORP-08-04-02-00) is to define the management process to minimize Cummins' environmental impact from ozone depleting substance (ODS) and ensure compliance with the requirements applicable to Cummins facilities as the end user of ODS containing equipment. The procedure defines the requirements on record keeping, labeling, leak prevention, ODS recycling/ disposal, substitutes consideration and technician certification.

305-7

### NO<sub>x</sub>, SO<sub>x</sub> and other significant air emissions.

Cummins uses AP 42 factors for the respective fuel usage (diesel, natural gas, propane and gasoline) to calculate the NO<sub>x</sub>, CO and PM. For volatile organic compounds (VOC), sites report directly. Cummins does not calculate SO<sub>x</sub>. POP and HAP are not significant air emissions from Cummins' operations.

## ENERGY USE AND ASSOCIATED AIR EMISSIONS

**NOTE: Energy and emissions data includes all consolidated operations and joint ventures subscribing to the Enterprise Environmental Management System.**

Direct Air Emissions	2015	2016	2017	2018	2019
<b>NO<sub>x</sub></b> (Metric Tons)	3,851	3,674	3,767	3,831	3,684
<b>CO</b> (Metric Tons)	846	811	828	844	813
<b>PM 10</b> (Metric Tons)	262	251	253	259	249
<b>VOC</b> (Metric Tons)	695	716	813	810	684
<b>Direct (gigajoules)</b>					
<b>Diesel</b>	1,924,545	1,841,359	1,878,855	1,899,174	1,816,062
<b>Natural gas</b>	1,678,694	1,656,871	1,715,309	1,931,534	2,018,700
<b>Propane</b>	55,996	35,270	41,995	48,365	50,647
<b>Indirect</b>					
<b>Electricity</b> (gigajoules)	3,319,157	3,352,716	3,583,501	3,761,878	3,625,988
<b>Electricity</b> (Kwh)	921,988,057	931,310,077	995,416,963	1,044,966,229	1,007,218,942

**ENVIRONMENTAL  
TOPIC SPECIFIC  
STANDARDS**

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**307 – ENVIRONMENTAL COMPLIANCE 2016**

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103-  
1,2,3

**Management approach**

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Environmental compliance has a significant environmental and economic impact and is of great significance to our stakeholders; therefore, Cummins manages its Environmental Compliance within its overall Health Safety and Environmental Management System (HSEMS). The 2018 Cummins Health, Safety and Environmental (HSE) Policy applies to the Cummins Inc. organizations worldwide, including Cummins Inc. subsidiaries and joint ventures in which Cummins Inc. has a controlling interest or the management responsibility.

Cummins' Environmental Management System (EMS) is the part of the overall HSEMS that includes ISO 14001 organizational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining the environmental portion of the Corporate HSE policy. See the **Management Approach** found in 302 – Energy for a full description of the HSEMS.

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## ENVIRONMENTAL TOPIC SPECIFIC STANDARDS

307-1

### Non-compliance with environmental laws and regulations.

#### CUMMINS GENERATOR TECHNOLOGIES – ROMANIA

This site was fined \$62,550 in 2017 because it could not demonstrate compliance in regards to its waste recycling tax. As a result, this site has implemented a strong process to ensure records are appropriately kept moving forward.

#### CUMMINS GENERATOR TECHNOLOGIES – WUXI, CHINA

Cummins Generator Technologies was issued a fine of \$52,500 after a site inspection in June 2018 for failure to get its Environmental Impact Assessment approved in a timely manner, for a missing carbon filter on their impregnation air emission treatment system and for non-compliant hazardous waste management (location and segregation of waste). Corrective actions were immediately defined and are all closed.

	2016	2017	2018	2019
Number of violations of legal obligations / regulations	0	1	1	0
Amount of fines/penalties related to above	\$0	\$62,550	\$52,550	\$0
Environmental liability accrued at year end	\$0	\$62,550	\$52,550	\$0

#### RETURN ON ENVIRONMENTAL INVESTMENT

CURRENCY (US DOLLAR)	FY 2016	FY 2017	FY 2018	FY 2019
Capital investments	8,500,000	12,055,000	14,096,000	33,648,000
Operating expenses	127,500	180,825	211,400	504,720
Total expenses = capital investment + operating expenses	8,627,500	12,235,825	14,307,400	34,152,720
Savings, cost avoidance, income, tax incentives, etc.	2,373,000	3,469,000	5,165,000	7,752,000
% of operations covered (basis for coverage is revenue)	100	100	100	100

## **ENVIRONMENTAL TOPIC SPECIFIC STANDARDS**

**308-1**

### ***Percentage of new suppliers that were screened using environmental criteria.***

Cummins uses environmental data for indirect supplier selection. In its requests for proposal, the company asks specifically if they measure and trend GHG and about climate change strategy. All global indirect suppliers are asked these questions. Cummins uses the answers to these questions as a measure of supplier maturity in this area.

Cummins spends approximately \$1 billion per month in goods and services with its supplier partners. This translates into thousands of tons of material, which must be mined, milled, packaged and shipped to the company's facilities. Therefore being good stewards of Cummins' spend means taking responsibility for the environmental footprint of the company's supply chain.

With that in mind, Cummins has introduced five initiatives as expectations of its supply base. Cummins currently maintains policies and procedures to support these initiatives and has also established goals that suppliers are expected to join the company in achieving.

The company is introducing its goals to the top suppliers by spend. They are the approximately top 250 suppliers, which represent about 50% of Cummins' direct material spend. The company is setting the expectation that these suppliers comply with the company's transportation management programs, its disposable packaging waste requirements, Cummins' responsible mineral sourcing requirements, prohibited materials disclosures, and participate in energy/water management programs to reduce their consumption and costs. The company gives them the tools to meet its requirements and provides an email address ([supplier.compliance@cummins.com](mailto:supplier.compliance@cummins.com)) so that they may ask questions as necessary.

# SOCIAL STANDARDS

403-1

## **Workers representation in formal joint management-worker health and safety committees:**

Cummins employees are encouraged to play an active role in health and safety as part of the company's efforts to make safety personal to its employees. Cummins believes establishing a culture of interdependency where everyone looks out for one another is key to a safe work environment. For more on the company's safety performance, see the Health and Safety section on page 39 of the [2019 Sustainability Progress Report](#).

403-2

## **Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities:**

A complete breakdown of the company's health and safety KPIs can be found on page 39 of the [2019 Sustainability Progress Report](#). Most metrics improved, including the Lost-Time Injury Frequency Rate for employees (per 1 million hours worked), from 1.287 to 1.113 and the Occupational Illness Frequency Rate for employees (per one million hours worked) from 0.136 to 0.102.

403-4

## **Workers with high incidence or high risk of diseases related to their occupation:**

Cummins does have employees who occasionally work in hazardous situations, such as jobs involving moving / rotating machinery or handling hazardous chemicals / substances. The company makes every effort to protect these employees from exposure to risks associated with these activities. Cummins safety leaders know of no situation where employees have a high incidence or high risk of specific diseases related to their work.

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**TRAINING AND EDUCATION**

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**404-1** *Average hours of training per year per employee:*

This varies widely by job and the nature of the training, making it difficult to come up with a meaningful number for all of Cummins. For example, office and professional employees have easy access to the company's vast array of online training opportunities. The Cummins Learning Center offers online training in areas such as engineering, finance, information technology and more. The center also has mandatory trainings in ethics and compliance on topics such as conflicts of interest, import/export laws, the company's Business Code of Conduct and the Supplier Code of Conduct. Professional employees can also get in-person training in Six Sigma, the business problem solving tool used extensively at Cummins. There are also training opportunities for people interested in leadership positions at Cummins. While shop employees don't have the same, easy access to online training, they get many hours of training on their job as well as safety training. More than a million hours are regularly dedicated to safety training. Cummins' plants frequently send employees to community colleges and elsewhere for training on specific pieces of equipment and tasks. See the most popular voluntary courses at the Cummins Learning Center, see the chart on page 45 of the [2019 Sustainability Progress Report](#).

**404-2** *Programs to upgrade skills:*

See answer to 404-1.

**404-3** *Percentage of employees receiving regular performance and career development reviews:*

All office and professional employees should get regular performance reviews regardless of location or any demographic trait. Employees receive training during onboarding on the company's OnTrack system. The web-based system is designed to ensure employees know what is expected of them. The system also guides the most important work conversation of all – the conversation between a manager and his or her employee.

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## SOCIAL STANDARDS

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### **TRAINING AND EDUCATION**

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#### **405-1** Diversity of governance bodies and employees:

The 11-member Cummins Board of Directors, the company's top governance level, has three women, an African American, and two Latino men, within its ranks. Board members have a variety of backgrounds, ranging from a rocket scientist/astronaut to a former U.S. Secretary of Labor, to the president of a not-for-profit promoting the arts and learning for disadvantaged children. The board members range in age from 56 to 72. For more on their backgrounds, see page 17 of the **2020 Annual Proxy Statement**. The definition of minority groups varies widely around the world. Cummins believes strongly in having a workforce that reflects the locations where it does business. The company pays particular attention to female representation. See pages 42 and 43 of the **2019 Sustainability Progress Report**.

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### **NON-DISCRIMINATION**

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#### **406-1** Incidents of discrimination and corrective actions taken:

Cummins does not disclose a breakdown of its Code of Conduct violations but does report overall numbers. See **Disclosure 205-3**.

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## **FREEDOM OF ASSOCIATION / COLLECTIVE BARGAINING**

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**407-1**

Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk:

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Both Cummins' Business Code of Conduct and its Supplier Code of Conduct call for respecting the right of employees to bargain collectively. "We support human rights around the world and will comply with all applicable laws regarding the treatment of our employees and other stakeholders," the Business Code of Conduct states. "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." Suppliers must be in agreement with the code. "Suppliers must respect employees' freedom of association, right to bargain collectively and all other workplace rights," the Supplier Code of Conduct states. "Employees should be able to choose whether or not to join a union and should not be subject to discrimination based on that choice."

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## **CHILD LABOR**

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**408-1**

***Operations and suppliers at significant risk for incidents of child labor:***

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Cummins' Human Rights Policy strictly prohibits the use of child labor in any form, stating: "Cummins prohibits the use of all forms of child labor and forced labor, including threat of force or penalty, prison labor, indentured labor, bonded labor, military labor, slave labor and any form of human trafficking." It goes on to state that "Cummins will also take appropriate steps to ensure our suppliers and partners that are located in high-risk locations and/or that may be more exposed to human trafficking risk due to the nature of the industry in which they operate adopt relevant measures to mitigate such risk." The company also states in the Supplier Code of Conduct that "Suppliers must comply with all applicable child labor laws, including those related to hiring, wages, hours worked, overtime and working conditions. Vocational or developmental programs for young people may require an exception to the age requirements." To see more, look on page 50 of the [\*\*2019 Sustainability Progress Report\*\*](#).

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## SOCIAL STANDARDS

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### **FORCED LABOR**

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**409-1** *Operations and suppliers at significant risk for incidents of forced or compulsory labor:*

See answer to [Disclosure 408-1](#).

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### **SECURITY PRACTICES**

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**410-1** *Security personnel trained in human rights policies or procedures:*

Security personnel go through a host of training initiatives including diversity training, the company's Treatment of Others training, Code of Conduct training and more. They also go through numerous trainings on safety and security issues and the legal aspects of their jobs.

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### **INDIGENOUS PEOPLE**

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**411-1** *Incidents of violations involving rights of indigenous peoples:*

Cummins knows of no such incidents.

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### **HUMAN RIGHTS**

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**412-1** *Operations that have been subject to human rights reviews or impact assessments:*

Cummins in December 2017 adopted its first Human Rights Policy. The company's Code of Business Conduct also includes many elements of the policy. You can find reports on the Human Rights Policy in 2019 on page 50 and enforcement of the Code of Business Conduct on page 51 in the [2019 Sustainability Progress Report](#).

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## **COMMUNITY ENGAGEMENT**

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**413-1** *Operations with local community engagement, impact assessments, and development programs:*

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A complete review of the company's community engagement efforts in 2019 can be found on page 33 of the [\*\*2019 Sustainability Progress Report\*\*](#).

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**413-2** *Operations with significant actual and potential negative impacts on local communities:*

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Cummins believes its sites are important sources of economic growth for the communities where they are located. The company is working diligently to reduce the environmental impact of its facilities (see the environment section of this report starting on page XX) to improve environmental conditions. Cummins also believes its community engagement initiatives help build stronger communities by using employee skills to help address community challenges (see pages 34-38 of the [\*\*2019 Sustainability Progress Report\*\*](#)). And in some areas these efforts overlap such as the company's goal to develop 15 water neutral sites in water challenged areas (see page 26).

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## SOCIAL STANDARDS

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### **SUPPLIER ASSESSMENT**

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**414-1** *New suppliers screened using social criteria:*

All suppliers must comply with the company's Supplier Code of Conduct and its requirement that suppliers must respect the right to collectively bargain and prohibit practices such as child labor, forced labor and other human rights related violations. Screening is part of the hiring process, especially for strategic Tier I suppliers.

**414-2** *Negative social impacts in the supply chain and actions taken:*

Cummins' supply chain is working to reduce the company's carbon footprint. Principles and expectations are laid out in the company's Supplier Portal as are prohibited substances and a materials disclosure guide. An update on the company's supply chain and its environmental efforts can be found on page 58 of the **2019 Sustainability Progress Report**.

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### **PUBLIC POLICY**

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**415-1** *Political contributions:*

A complete description of Cummins' policy on political contributions is available starting on page 54 of the **2019 Sustainability Progress Report**.

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***CUSTOMER HEALTH & SAFETY***

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**416-1** ***Assessment of the health and safety impacts of product and service categories***

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Product safety is a top priority at Cummins. The company's Product Safety Policy states, in part, that Cummins employees must:

- » Design, manufacture, sell, distribute and service all products so that they are safe to use for the described and intended purpose;
- » Provide our customers, our partners, ourselves and society with products that are safe to operate, maintain, adjust and repair when used as intended;
- » Regard product safety as a top priority; and
- » Be responsible for applying this policy in their individual and collective work activity.

In compliance with the company's Product Safety Policy in 2019, Cummins voluntarily initiated nine product safety campaigns, impacting approximately 49,000 Cummins generators, engines and/or Cummins components.

These campaigns were reported to the relevant public agencies as required by applicable laws and improvements were made on each of the Cummins products at issue.

To further enforce its product safety policy, Cummins has a set of standardized corporate and local policies and procedures in order to meet the company's Corporate Product Safety Policy.

Each Cummins business segment has a Product Safety Committee that is accountable for applying the policies and procedures in its area.

These Product Safety Committees integrate into the Corporate Product Safety Council, which is managed by the corporate Director of Product Safety. This network allows for collaboration and rapid communication on safety-related matters.

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**416-2** *Assessment of the health and safety impacts of product and service categories:*

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See [Disclosure 416-1](#).

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## **MARKETING COMMUNICATIONS**

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**417-3** *Incidents of non-compliance concerning marketing communications:*

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Cummins knows of no such incidents.

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## **DATA PRIVACY**

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**418-1** *Substantiated complaints concerning breaches of customer privacy and losses of customer data:*

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Cummins knows of no such incidents.

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## **SOCIOECONOMIC COMPLIANCE**

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**419-1** *Non-compliance with laws and regulations in the social and economic area: Cummins knows of no such cases*

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Cummins knows of no such incidents.

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# ASSURANCE

## APEX SOCIAL STATEMENT



### INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of Cummins, Inc.

#### Introduction and objectives of work

Apex Companies, LLC (Apex) was engaged by Cummins, Inc. (Cummins) to conduct an independent assurance of select 2019 social data metrics to be published in Cummins' Sustainability Report (Report) and/or included in the Dow Jones Sustainability Index (DJSI) assessment. This assurance statement applies to the related information included within the scope of work described below. The overall aim of this process is to provide assurance to Cummins' stakeholders on the accuracy, reliability and objectivity of the information included in the Report and the DJSI assessment as described in the scope of work. The assurance process also evaluated Cummins' management of sustainability in accordance with the principles of inclusivity, materiality and responsiveness.

The information that was assured and its presentation in the Report and DJSI assessment are the sole responsibility of the management of Cummins. Apex was not involved in the drafting of the Report or DJSI assessment. Our sole responsibility was to provide independent assurance on the select social data metrics.

#### Scope of work

Cummins requested Apex to include in its independent assurance of the following select social data metrics for calendar year 2019:

- Corporate Responsibility Metrics
  - "Every Employee Every Community" participation rate
  - Number of jobs secured through the company's education and equality of opportunity outreach efforts
  - Number of people served by community engagement efforts
  - Estimated kiloliters of water conserved through community projects (reviewed methodology for tracking and data collection only)
  - Community grants
  - Community grant areas of giving
- Talent Attraction & Retention Metrics
  - Percent employee coverage of individual performance appraisals
  - Percent employee turnover
- Diversity Metrics (percent)
  - Assignment Countries
  - Country of birth for workforce
  - Country of birth for leaders
  - Women in the workforce
  - Women leaders in the workforce
  - Age of workforce
- Health and Safety Metrics
  - Severity Case Rate
  - Recordable Incidence Case Rate
  - Major Injury Case Rate
  - Severity Lost Workday Rate
  - Ergonomics Incidence Rate
  - Occupational Illness Frequency Rate
  - Lost Time Injury Frequency Rate



Page 2

Cummins  
July 1, 2020

- Ethics & Compliance Training Metrics
  - Percentage of completion by employees enrolled
- Apex reviewed the appropriateness and robustness of underlying reporting systems and processes, used to collect, analyze and review the data subject to the assurance process; and
- Performed an evaluation of the select metrics (as shown above) in accordance with the Assurance Standard AA1000AS (2008)<sup>1</sup>, Type 2 engagement, to a moderate assurance level.

Excluded from the scope of our work is any assurance of information relating to:

- Text or other written statements associated with the Report and DJSI assessment;
- Activities outside the defined assurance period; and
- Financial data and data reported that is not included in the Scope of Work and Summary of Assured Information.

#### Methodology

Apex undertook the following activities:

1. Interviews with relevant personnel of Cummins (including managers and staff members at the corporate level);
2. Review of internal and external documentary evidence produced by Cummins;
3. Audit of performance data including a review of a sample of data; and
4. Review of Cummins' data and information systems for collection, aggregation, analysis and internal verification and review.

The work was planned and carried out to provide a moderate level of assurance and we believe it provides a sound basis for our conclusions.

#### Our findings

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the reviewed information within the scope of our assurance is not materially correct.
- Nothing has come to our attention to indicate that the reviewed information is not a fair representation of the corporate responsibility, human resources, diversity, health and safety, and business ethics and compliance activities for calendar year 2019.
- It is our opinion that Cummins has established appropriate systems for the collection, aggregation and analysis of quantitative data, including corporate responsibility data, human resources and diversity data, health and safety data, and ethics and compliance training data.

A summary of reported data within the scope of assurance for 2019 is attached.

#### Adherence to the AA1000 Accountability Principles

Based on the work undertaken during this assurance process, we are of the opinion that Cummins adheres to the Accountability Principles of inclusivity, materiality and responsiveness as discussed below.

<sup>1</sup> Published by AccountAbility: The Institute of Social and Ethical Accountability



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#### Inclusivity

Based on discussions with Cummins, their processes appear to be inclusive of stakeholders. For example, Cummins is active in community engagement that includes community investment (Cummins Grants), Corporate Responsibility Projects, and humanitarian projects.

#### Materiality

In 2019, the company compiled the results of stakeholder assessments conducted by various functions within Cummins to determine the most relevant topics to the company's stakeholders in the economic, social and environmental realms. Cummins continues to review this process for modifications and relevant updates.

#### Responsiveness

Cummins responds to stakeholders using several platforms. They are active in community engagement and document the number of community stakeholders engaged. They prepare responses for their submissions to CDP and the DJSI to report to stakeholders their activities in the sustainability subject area. The Board of Directors also communicates with stakeholders such as investors regarding sustainability issues.

#### Statement of independence, impartiality and competence

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including social data assurance with over 30 years history in providing these services.

No member of the assurance team has a business relationship with Cummins, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest. Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, and has over 20 years combined experience in this field and an excellent understanding of Apex standard methodology for the Assurance of Sustainability Data and Reports.

#### Attestation:

David Reilly, Lead Verifier  
Principal Consultant  
Apex Companies, LLC

John Rohde, Project Reviewer  
National Practice Leader  
Apex Companies, LLC

Apex Companies, LLC  
Santa Ana, California  
July 1, 2020





# APEX GHG STATEMENT



## VERIFICATION OPINION DECLARATION GREENHOUSE GAS EMISSIONS

To: Cummins, Inc.

Apex Companies, LLC (Apex) was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by Cummins, Inc. (Cummins) for the calendar year 2019. This verification opinion declaration applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of Cummins. Cummins is responsible for the preparation and fair presentation of the GHG emissions statement in accordance with the criteria. Apex's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion on the GHG emissions statement based on the verification. Verification activities applied in a limited level of assurance verification are less extensive in nature, timing and extent than in a reasonable level of assurance verification.

### Boundaries of the reporting company GHG emissions covered by the verification:

- Operational Control
- Worldwide
- Exclusions: None

Types of GHGs: CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, HFCs

### GHG Emissions Statement:

- Scope 1:** 302,907 metric tons of CO<sub>2</sub> equivalent
- Scope 2 (Location-Based):** 504,351 metric tons of CO<sub>2</sub> equivalent
- Scope 2 (Market-Based):** 385,653 metric tons of CO<sub>2</sub> equivalent
- Scope 3:**
  - Purchased Goods & Services: 4,392,000 metric tons of CO<sub>2</sub> equivalent
  - Capital Goods: 414,000 metric tons of CO<sub>2</sub> equivalent
  - Fuel- and Energy-Related Activities: 173,000 metric tons of CO<sub>2</sub> equivalent
  - Upstream Transportation and Distribution: 798,000 metric tons of CO<sub>2</sub> equivalent
  - Waste Generated in Operations: 6,900 metric tons of CO<sub>2</sub> equivalent
  - Business Travel (air travel and rental cars): 35,500 metric tons of CO<sub>2</sub> equivalent
  - Employee Commuting: 122,000 metric tons of CO<sub>2</sub> equivalent
  - Upstream Leased Assets: 17,000 metric tons of CO<sub>2</sub> equivalent
  - Downstream Transportation and Distribution: 798,000 metric tons of CO<sub>2</sub> equivalent
  - Processing of Sold Products: 2,800 metric tons of CO<sub>2</sub> equivalent
  - Use of Sold Products: 925,000,000 metric tons of CO<sub>2</sub> equivalent
  - End-of-Life Treatment of Sold Products: 59,000 metric tons of CO<sub>2</sub> equivalent
  - Downstream Leased Assets: 50,000 metric tons of CO<sub>2</sub> equivalent

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Investments: 41,400 metric tons of CO<sub>2</sub> equivalent

Data and information supporting the Scope 1 and Scope 2 GHG emissions assertion were in most cases historical in nature, but in some cases estimated.

Data and information supporting the Scope 3 GHG emissions assertion were in many cases estimated rather than historical in nature.

### Period covered by GHG emissions verification:

- January 1, 2019 to December 31, 2019

### Criteria against which verification was conducted:

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol, Corporate Accounting and Reporting Standard, Revised Edition (Scope 1 and 2) and the GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard.
- WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3)

### Reference Standard:

- ISO 14064-3: Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions

### Level of Assurance and Qualifications:

- Limited
- This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above emission scopes.
- Qualifications \* Scope 3 emissions from Downstream Transportation and Distribution were estimated by assuming these emissions were the same as calculated Scope 3 emissions from Upstream Transportation and Distribution. As such, actual Downstream Transportation and Distribution emissions may vary greater than 5% from the above value reported by Cummins.

### GHG Verification Methodology:

Evidence gathering procedures included but were not limited to:

- Interviews with relevant personnel of Cummins and their consultant;
- Review of documentary evidence produced by Cummins;
- Review of Cummins data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and,
- Audit of samples of data used by Cummins to determine GHG emissions.



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### Verification Opinion:

Based on the process and procedures conducted, there is no evidence that the GHG emissions statement shown above:

- is not materially correct and is not a fair representation of the GHG emissions data and information; and
- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2), and WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3).

It is our opinion that Cummins has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

### Statement of independence, impartiality and competence

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with Cummins, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.

### Attestation:

David Reilly, Lead Verifier  
Principal Consultant  
Apex Companies, LLC  
Santa Ana, California

June 29, 2020

Trevor Donaghu, Technical Reviewer  
Program Manager  
Apex Companies, LLC  
Pleasant Hill, California

*This verification statement, including the opinion expressed herein, is provided to Cummins and is solely for the benefit of Cummins in accordance with the terms of our agreement. We consent to the release of this statement by you to the CDP in order to satisfy the terms of CDP disclosure requirements but without accepting or assuming any responsibility or liability on our part to CDP or to any other party who may have access to this statement.*

# APEX WASTE STATEMENT



## VERIFICATION OPINION DECLARATION WASTE DATA

To: Cummins, Inc.

Apex Companies, LLC (Apex) was engaged to conduct an independent verification of the waste data reported by Cummins, Inc. (Cummins) for the calendar year 2019. This verification opinion declaration applies to the related information included within the scope of work described below.

The determination of the waste quantities is the sole responsibility of Cummins. Cummins is responsible for the preparation and fair presentation of the waste quantities. Apex's sole responsibility was to provide independent verification on the accuracy of the waste quantities reported, and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion on the waste quantities reported based on the verification. Verification activities applied in a limited level of assurance verification are less extensive in nature, timing and extent than in a reasonable level of assurance verification.

### Boundaries of the reporting company waste activities covered by the verification:

- Operational Control
- Worldwide

### Waste Data Reported

2019 Reported Waste Data	Metric Tons
Total Waste Generated	224,244
Total Waste Disposed - includes total landfilled waste and incinerated waste without energy recovery	19,943
Total Waste Recycled	204,301
US Process Hazardous Waste (included in above totals)	717
Non-US Process Hazardous Waste (included in above totals)	5,985
<b>Recycled Waste Categories</b>	
Aluminum	1,218
Cardboard	21,315
Composted Waste	1,191
Copper & Brass	609
E Waste	1,048
Iron & Steel	107,016
Paper	2,604
Plastic	2,778
Wood	31,265



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Recycled Waste Categories (continued)	Metric Tons
Liquid Waste (Used Oils, Paints, Solvents, etc.)	16,753
Other Process Derived Waste (Recycled)	3,036
Garbage, Process Derived & Hazardous Waste (Burned for Energy Recovery)	12,833
Hazardous Waste (Recycled)	2,636

Data and information supporting the reported waste data were in some cases estimated rather than historical in nature.

### Period covered by Waste verification:

- January 1, 2019 to December 31, 2019

### Reporting Criteria

Internal Cummins reporting methodology.

### Reference Standard:

International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after Dec. 15, 2015), issued by the International Auditing and Assurance Standards Board.

### Level of Assurance and Qualifications

- Limited
- This verification used a materiality threshold of 5% for aggregate errors in sampled data for the above primary indicators.
- Qualifications: Due to incomplete or unclear documentary evidence and source data for some sites, there is uncertainty associated with the reported waste and recycling data that may be in excess of materiality threshold.

### Verification Methodology:

Evidence gathering procedures included but were not limited to:

- Interviews with relevant personnel of Cummins;
- Review of documentary evidence produced by Cummins;
- Review of Cummins data and information systems and methodology for collection, aggregation, analysis and review of information used to determine waste and recycling volumes; and,
- Audit of samples of data from Cummins Operations used to determine waste and recycling volumes.

### Verification Opinion:

Based on the process and procedures conducted, there is no evidence that the waste and recycling quantities reported above:

- is not a fair representation of the waste and recycling data and information.

It is our opinion that Cummins has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of its waste and recycling totals for the stated period and boundaries.



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### Statement of independence, impartiality and competence

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with Cummins, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.

### Attestation:

David Reilly, Lead Verifier  
Principal Consultant  
Apex Companies, LLC  
Santa Ana, California

Trevor Donaghu, Technical Reviewer  
Program Manager  
Apex Companies, LLC  
Pleasant Hill, California

June 22, 2020

*This verification statement, including the opinion expressed herein, is provided to Cummins and is solely for the benefit of Cummins in accordance with the terms of our agreement. We consent to the release of this statement by you to public or private entities in order to satisfy the terms of disclosure requirements but without accepting or assuming any responsibility or liability on our part to any other party who may have access to this statement.*

# APEX WATER STATEMENT



## VERIFICATION OPINION DECLARATION WATER WITHDRAWAL

To: Cummins, Inc.

Apex Companies, LLC (Apex) was engaged to conduct an independent verification of the water withdrawal data reported by Cummins, Inc. (Cummins) for the calendar year 2019. This verification opinion declaration applies to the related information included within the scope of work described below.

The determination of the water withdrawal quantities is the sole responsibility of Cummins. Cummins is responsible for the preparation and fair presentation of the water withdrawal quantities. Apex's sole responsibility was to provide independent verification on the accuracy of the water withdrawal quantities reported, and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion on the water withdrawal quantities reported based on the verification. Verification activities applied in a limited level of assurance verification are less extensive in nature, timing and extent than in a reasonable level of assurance verification.

### Boundaries of the reporting company water withdrawal activities covered by the verification:

- Operational Control
- Worldwide

### Water Withdrawal Data Reported:

2019 Reported Water Withdrawal	Gallons	Megaliters
Groundwater	44,294,296	168
Rainwater	704,294	3
Municipal Water	850,398,284	3,219
<b>Total Water Withdrawal</b>	<b>895,396,874</b>	<b>3,390</b>

Data and information supporting the reported water withdrawal were in most cases historical in nature, but in some cases estimated.

### Period covered by Water Withdrawal verification:

- January 1, 2019 to December 31, 2019

### Criteria against which the verification was conducted:

- CDP Water Disclosure Reporting Guidelines

### Reference Standard:

- International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after Dec. 15, 2015), issued by the International Auditing and Assurance Standards Board.

### Level of Assurance

- Limited
- This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators.



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### Verification Methodology:

Evidence gathering procedures included but were not limited to:

- Interviews with relevant personnel of Cummins;
- Review of documentary evidence produced by Cummins;
- Review of Cummins data and information systems and methodology for collection, aggregation, analysis and review of information used to determine water withdrawal.
- Audit of samples of data from Cummins Operations used to determine water withdrawal.

### Verification Opinion:

Based on the process and procedures conducted, there is no evidence that the water withdrawal reported above:

- is not materially correct and is not a fair representation of the water withdrawal data and information.

It is our opinion that Cummins has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of its water withdrawal for the stated period and boundaries.

### Statement of independence, impartiality and competence

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with Cummins, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.

### Attestation:

David Reilly, Lead Verifier  
Principal Consultant  
Apex Companies, LLC  
Santa Ana, California

Trevor Donaghu, Technical Reviewer  
Program Manager  
Apex Companies, LLC  
Pleasant Hill, California

June 22, 2020

*This verification statement, including the opinion expressed herein, is provided to Cummins and is solely for the benefit of Cummins in accordance with the terms of our agreement. We consent to the release of this statement by you to public or private entities in order to satisfy the terms of disclosure requirements but without accepting or assuming any responsibility or liability on our part to any other party who may have access to this statement.*

# APEX 2019 DATA SHEET

## Summary of Assured Information Reporting Year 2019 Cummins, Inc.



Corporate Responsibility	Metric	RY-2019
Every Employee Every Community participation rate	Percent	82%
Number of jobs secured through the company's education and equality of opportunity outreach efforts	Number of jobs secured	3,428
Number of people served by community engagement efforts	Number of people served	6.6 million
Estimated kiloliters of water conserved by Cummins employees engaged in community projects	Water conserved (kiloliters)*	7.2 million*
Community Grants	USD	\$20.5 million
Community Grant areas of giving	percent	22% Education; 13% Environment; 55% Equality of Opportunity; 10% Other

\*Data Collection methodology used to record water conserved was reviewed, but reported numbers were not assured.

Talent Attraction & Retention	Metric	RY-2019
Employee coverage of individual performance appraisals	percent	nearly 100%
Employee turnover	percent	12.5%

Diversity	Metric	RY-2019
Women in the workforce	percent	26.9%
Women leaders in the workforce	percent	24.7%

Diversity - Age of Workforce	Metric	RY-2019
Employees 37 and under	percent	49.6%
Employees 38 to 52	percent	33.8%
Employees 53 and over	percent	16.6%

Health and Safety	Unit of Measure	RY-2019
Severity Case Rate*	Lost work day cases per 100 employees	0.225
Recordable Incidence Case Rate*	Recordable incidents per 100 employees	0.593
Major Injury Case Rate *	Major injuries per 100 employees	0.05
Severity Lost Workday Rate*	Lost work days per 100 employees	6.357
Ergonomics Incidence Rate *	Ergonomic incidents per 100 employees	0.127
Occupational Illness Frequency Rate**	Occupational Illness Frequency Rate per 1,000,000 hours worked	0.102
Lost Time Injury Frequency Rate**	Lost time injury frequency rate per 1,000,000 hours worked	1.113

\*Rate per 100 employees \* (number reported/200,000)(hours worked) for 2019  
\*\* Rate = (number of illness or lost time injury)/1,000,000(hours worked) for 2019

Business Ethics & Compliance Training	Metric	Percentage of employees that have completed training as of year end 2019
Numerous training courses. Percentage of completion by employees enrolled.	percent	*range of 98.03 to 100

\*Apex examined the process for calculating ethics and compliance training statistics from select training courses and found no reason to believe that the reported training statistics are not correct.

Breakdown of Cummins Employees by Assignment Countries (%)	RY-2019
Australia	2.9%
Brazil	2.5%
China	8.5%
India	14.1%
Mexico	9.3%
Rest of World	8.8%
United Kingdom	7.4%
United States	46.5%

Country of Birth for Workforce (%)	RY-2019
Inside United States	37.3%
Outside the United States	62.7%

Country of Birth for Workforce (%)	RY-2019
Australia	2.4%
Brazil	2.7%
China	9.6%
India	18.3%
Mexico	10.3%
Rest of World	12.3%
United Kingdom	7.1%
United States	37.3%

Country of Birth for Leaders (%)	RY-2019
Australia	1.7%
Brazil	1.8%
China	6.4%
India	10.8%
Mexico	3.1%
Rest of World	9.1%
United Kingdom	12.0%
United States	55.1%

# APPENDIX

## CUMMINS HEALTH, SAFETY AND ENVIRONMENTAL POLICY

Cummins demands that everything we do leads to a cleaner, healthier and safer environment. We must achieve performance greater than what the applicable compliance requirements and standards demand of our operations for health, safety and environment.

Cummins' leadership will facilitate this effort by providing the necessary resources and information to meet aggressive improvement targets in the areas of:

- » illness and injury prevention;
- » health and wellbeing promotion;
- » pollution prevention; and
- » natural resources conservation.

Cummins has implemented the Enterprise Health, Safety and Environmental Management System (HSEMS), consisting of procedures, processes and tools, to deliver on the commitments of this policy. The key elements of the HSEMS are defined in Cummins' HSEMS Manual, CORP-08-01-00-00, and can be found in the company document control database. Every Cummins employee and person working for or on behalf of Cummins is expected to comply with this policy.

Cummins must do the following things to meet the objectives of this policy:

- » Cummins will set substantial and measurable objectives in managing health, safety and the environment and commit to continual improvement in these areas.
- » We will identify and pursue opportunities to use our talents and capabilities to improve the environment and quality of life in the communities where we operate.
- » We will continue to implement management programs developed to ensure that our products, services and activities always comply with applicable laws and other requirements established to protect health, safety and the environment.
- » We will continually work to reduce our emissions and discharges to air, land and water; the amount of waste we generate; and the amount of natural resources that we use, including water, energy and raw materials.

- » We will systemically assess operations that have the potential to harm people or impact the environment and aggressively work towards risk elimination.
- » We will evaluate the machinery, equipment, products and services we use, preferring those with the best possible health, safety and environmental performance.
- » We will be transparent in our efforts to improve health, safety, and environment by reporting details of our performance to the public; and
- » We will periodically review and communicate our progress toward our objectives.

Finally, our efforts to pursue excellence in health, safety and environment require the attention and care of every employee, especially leadership, throughout Cummins.

This policy will be reviewed and communicated to all persons working for or on behalf of our company at least annually.

**N. Thomas Linebarger**

Chairman & CEO

May 7, 2015

# CUMMINS COBALT POLICY

## CUMMINS COBALT POLICY

### 1.0 Purpose:

Cummins Inc. is a global company headquartered in the United States that must comply with laws and regulations where we do business. In areas where there are not laws and regulations, we strive to use industry standard and best practices, this policy relates to the responsible sourcing of cobalt.

This policy lays the framework to have Cummins avoid knowingly using cobalt from sources that support or fund inhumane treatment, including human trafficking, slavery, forced labor, child labor, torture and war crimes in known Conflict Affected and High-Risk Areas (CAHRAs).

This policy is not intended to completely ban procurement of cobalt or other products from CAHRAs, but to promote sourcing from responsible sources in the regions.

### 2.0 Scope

This policy applies to Cummins Inc. entities world-wide, including Cummins subsidiaries, joint ventures, affiliated companies and distributors in which Cummins has a controlling ownership interest or management responsibility.

### 3.0 References

[Cummins Core Values](#)

[Organization for Economic Co-operation and Development \(OECD\) Guidelines](#)

[Responsible Minerals Initiative Guidelines](#)

Cummins Human Rights Policy (CORP-00-11-11-00)

Cummins Cobalt Communication Plan

### 4.0 Policy

Following are the primary tenets of our policy:

- 4.1 Cummins will make reasonable efforts to:
  - a. know and to require that each Cummins supplier disclose to Cummins, the sources of cobalt used in its products; and
  - b. to eliminate procurement, as soon as commercially practical, of products containing cobalt obtained from sources that fund or support inhumane treatment from CAHRAs.
- 4.2 Cummins will monitor legal requirements for responsible sourcing of Cobalt, and will comply accordingly. Cummins will require that our suppliers assist the Company to comply with the requirements for any related laws and rules globally.

## COBALT POLICY FAQs

### Summary:

Cobalt is a chemical element with several practical applications in products we use each day; however, it's use has increased exponentially due to the development of lithium-ion batteries. Lithium-ion batteries are used in common personal devices, such as cell phones, tablets, and electric vehicles. If a product uses an integrated rechargeable battery, it probably uses cobalt.

In 2018, Cummins Inc. formally launched an electrified power business now called New Power. This business focuses on electrified powertrains and brings new challenges and opportunities to Cummins. It has also resulted in a focus on the supply chain, and environmental and social concerns regarding the sourcing of cobalt. As the automotive industry trends towards electric vehicles and as rechargeable battery use grows exponentially, the question of cobalt sourcing and expectations about responsible sourcing will become more prevalent.

As awareness grows of the potential problems facing cobalt that is not responsibly sourced, our stakeholders are beginning to demand more from us. Some industry groups (like the Responsible Minerals Initiative and the Automotive Industry Action Group) have launched a process for voluntary cobalt reporting, and some of our customers are considering requiring performance with this process to continue doing business. Other external stakeholders, including the press and public, have started seeking responses from companies in our industry, and heavy cobalt consuming companies like and other companies using lithium ion batteries.

### Responsible Sourcing of Cobalt FAQs

#### What are conflict minerals?

The concept of conflict resources emerged by the end of the 1990s and is used to describe diamonds mined by slave labor in Angola and Sierra Leone to finance rebellions. Within the U.S. lexicon, [Section 1502 of Dodd-Frank Wall Street Reform and Consumer Protection Act](#) specifies conflict minerals as tin (cassiterite), tungsten (wolframite), tantalum (columbite-tantalite, or coltan), and gold, or 3TG, mined in the Democratic Republic of Congo (DRC) and the nine countries that surround it.

The term "conflict minerals" has been expanded to include other conflict-affected and high-risk areas (CAHRAs) and regions of devastating conflict using illegal labor (including forced or underage labor); and where the sale of these resources are used to finance further conflict. Per European Union regulations ([REGULATION \(EU\) 2017/821 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017](#)), conflict minerals has been expanded to include ores and other composites of 3TG.

#### Is cobalt a conflict mineral?

Currently, cobalt is not classified under any regulation as a conflict mineral. Cummins has developed and posted a policy on the management of the cobalt supply chain. Any reporting that Cummins does for cobalt sourcing is voluntary. However, this does not discount the importance of responsible sourcing.

#### What is the penalty for using conflict minerals?

Currently, any penalties for non-compliance to conflict minerals laws are handled differently depending on the country involved.

#### How do I report the use of conflict minerals?

Whether you are legally obligated to report conflict minerals depends on the country that has jurisdiction over the company's operations. Cummins reports to the U.S. and the European Union.

In the U.S., conflict minerals should be reported if they are present in products produced by the company, and there is no minimum limit. The use of conflict minerals is disclosed using [Form SD](#), and submitted to the

Securities and Exchange Commission (SEC). The SEC will follow up with non-compliant filers and assesses penalties as necessary.

In the European Union, conflict minerals reporting is required if the metal or mineral exceeds the threshold stated by the law. With non-compliance, the European Commission issues an order that the entity should address the non-conformance by a given deadline. Should the deadline pass, and the issue is not addressed to the satisfaction of the European Union, the practice is to follow up with the firm to ensure it does so. While this is not yet mandatory, the European Union is encouraging companies to begin assessing their supply chains, and making improvements where necessary, as the regulation will be enforced beginning January 1, 2021.

#### If cobalt is not a conflict mineral, what is the issue with sourcing cobalt?

The sale of cobalt has been historically used to fund conflict activities, and has been a source of potential human rights violations, including slavery and illegal child labor. While not every mine in these countries uses illegal or forced labor for their mining practices, nor are all using the proceeds from the mining activities to fund conflict, these practices continue to persist. It is estimated that approximately 40,000 children as young as age 7 are exploited by these mining activities. This does not consider the number of children who are affected by the indirectly related activities of war and other conflict.

In cases where the mines do not finance conflict, there are still questions about the labor conditions of the miners. Artisan miners of cobalt are at risk for chronic respiratory problems and pain from mining (Amnesty International). Poorly constructed mines with little structural support and ventilation are common. Miners may work between 12 – 24 hours per day with little or no breaks.

#### Where is cobalt mined?

It is estimated that 60% – 85% of the world's cobalt supply is sourced from the DRC or covered countries (Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia, Angola, Congo Republic, Central African Republic).

#### What happens if Cummins does not voluntarily disclose its cobalt sourcing information?

Currently, there is no legal penalty for choosing to not disclose a company's cobalt sourcing information, however, this could change as new legislation is implemented.

#### Why is Cummins increasingly interested in cobalt and where it comes from?

Through our New Power Business Unit, we are getting more involved in markets that require cobalt sourcing.

Based on our observations within the industry and our history in reporting on conflict minerals, we expect the question of cobalt sourcing, and expectations about responsible sourcing, will become more prevalent. Our company values suggest that we want to be proactive to ensure our supply chain is aligned with our values.

So, in July 2019, we formally adopted the Cummins Cobalt Responsible Sourcing Policy that acknowledges the challenges that occur as part of responsibly sourcing cobalt, and it reaffirms our commitment to ethical sourcing that reflects our values as a company. The policy that states Cummins will make reasonable efforts to:

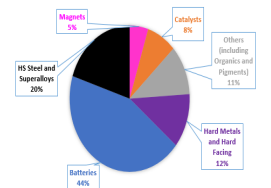
- a) know and to require that each Cummins supplier disclose to Cummins, the sources of cobalt used in its products; and
- b) to eliminate procurement, as soon as commercially practical, of products containing cobalt obtained from sources that fund or support inhumane treatment from Conflict Affected and High-Risk Areas (CAHRAs).

<https://www.amnesty.org/en/documents/af62/3183/2016/en/><https://www.amnesty.org/en/documents/af62/3183/2016/en/>

Cummins will monitor legal requirements for responsible sourcing of Cobalt and will comply accordingly. Cummins will require that our suppliers assist the Company to comply with the requirements for any related laws and rules globally.

#### How is cobalt used in the automotive industry?

The largest use for cobalt is for batteries, with 44% of the world's supply being used for this purpose. Cobalt has other applications in the automotive industry, including 32% being used for strengthening metals and making super alloys and super steel. Cobalt in catalysts and magnets count for 8% and 5% total usage, respectively. Other uses of cobalt, including organic compounds and pigments, account for 11% of total consumption.



#### Is anyone else participating in the responsible sourcing of cobalt?

Governments and several influential organizations have begun encouraging their members to embrace the responsible sourcing of conflict minerals.

The Responsible Minerals Initiative (RMI), formerly the Conflict-Free Sourcing Initiative, or CFSI) has been working to provide an international framework that entities can use to review their supply chain and perform due diligence as required. This framework is based on guidance from the Organization of Economic Co-operative Development (OECD). Many other industry groups are also taking advocacy positions on cobalt, many of which Cummins has an active membership in. These include:

- Automotive Industry Action Group (AIAG).
- Association of Equipment Manufacturers (AEM).
- European Association of Internal Combustion Engine Manufacturers (EUROMOT).
- The European Battery Alliance (EBA).

#### Who in Cummins manages the responsible sourcing process?

The group managing Cummins' compliance to responsible sourcing is Restricted Substances & Product Disclosure (a discipline of Environmental Strategy and Compliance), who seeks advice from stakeholders such as purchasing, trade compliance, legal and ethics, and compliance as needed to address issues.

#### What is the reporting process for cobalt?

Reporting for cobalt will be incorporated into the current conflict minerals reporting practice. This is an annual exercise beginning in Q3 of the current reporting year and concludes by Q2 of the following year. Restricted Substances and Product Disclosure will send a survey to Cummins' Tier 1 direct material suppliers. The survey responses are analyzed to ensure compliance to the applicable legislation. Non-compliant responses will have further due diligence applied, where direct material suppliers work cross-functionally with purchasing, legal, and ethics and compliance to mitigate the risk. Survey responses are validated and rolled up into a report sent to customers (upon request), and the report detailing the conflict minerals reporting activities is submitted to the appropriate government agency. The Cummins Inc. Conflict Minerals Reporting Template can be made available upon request.

## CONFLICT MINERALS POLICY

***Cummins takes materials compliance in general, and conflict minerals in particular, very seriously.***

The company developed a cross-functional team with representatives from Purchasing, Quality, Legal and Ethics and Compliance to develop and implement a conflict minerals program.

The company's policy is to eliminate procurement, as soon as commercially practicable, of products containing conflict minerals obtained from sources that fund or support inhumane treatment in covered countries.

To learn more, see Cummins' policy summary on ***conflict minerals*** and the company's ***most recent report*** to the SEC in the United States. There are more on materials compliance on page 11 of the ***Product Stewardship Report***.

## A STATEMENT ON COBALT

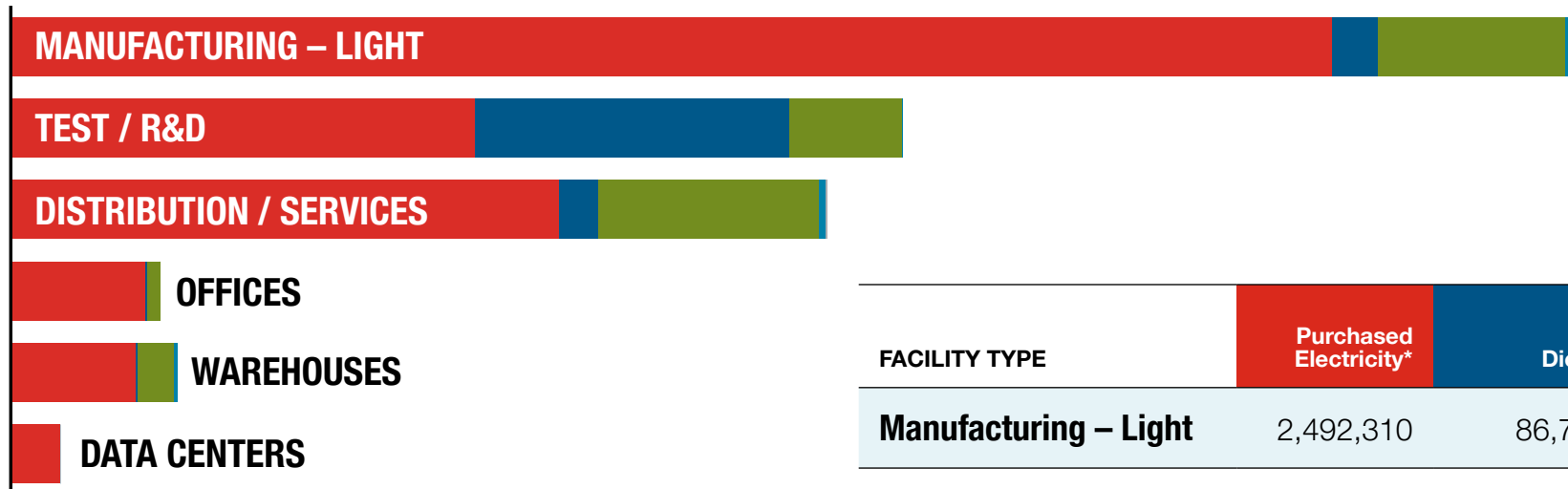
***Cobalt is used in products such as lithium-ion batteries. With the increase in demand for electric powertrains, Cummins anticipates an increasing need for batteries containing cobalt in its global supply chain.***

Consistent with Cummins' value of integrity and the company's 2017 Human Rights policy, we are seeking to better understand the impacts of the use of cobalt, including social issues in the Democratic Republic of Congo and the surrounding region. We pledge to uphold our commitment to supply chain transparency, and we are evaluating how best to provide this transparency with respect to cobalt.

## ENERGY USE BY FACILITY TYPE



in millions of British thermal units



FACILITY TYPE	Purchased Electricity*	Diesel	Natural Gas	Other fuels	On-site Renewable Electricity*
<b>Manufacturing – Light</b>	2,492,310	86,710	352,844	31,702	1,490
<b>Test / R&amp;D</b>	874,516	594,595	211,377	2,001	–
<b>Distribution / Services</b>	1,033,600	74,936	415,111	14,020	2,795
<b>Offices</b>	253,431	3,486	24,985	72	–
<b>Warehouses</b>	235,343	3,321	69,119	6,984	11
<b>Data Centers</b>	92,306	110	1,023	–	–

\*includes 3x factor for purchased electricity to account for T&D losses and 1x for on-site renewable electricity



## ENERGY USE BY FUEL TYPE

*in millions of British thermal units*

*Includes all consolidated operations and joint ventures subscribing to the Enterprise Environmental Management System.*

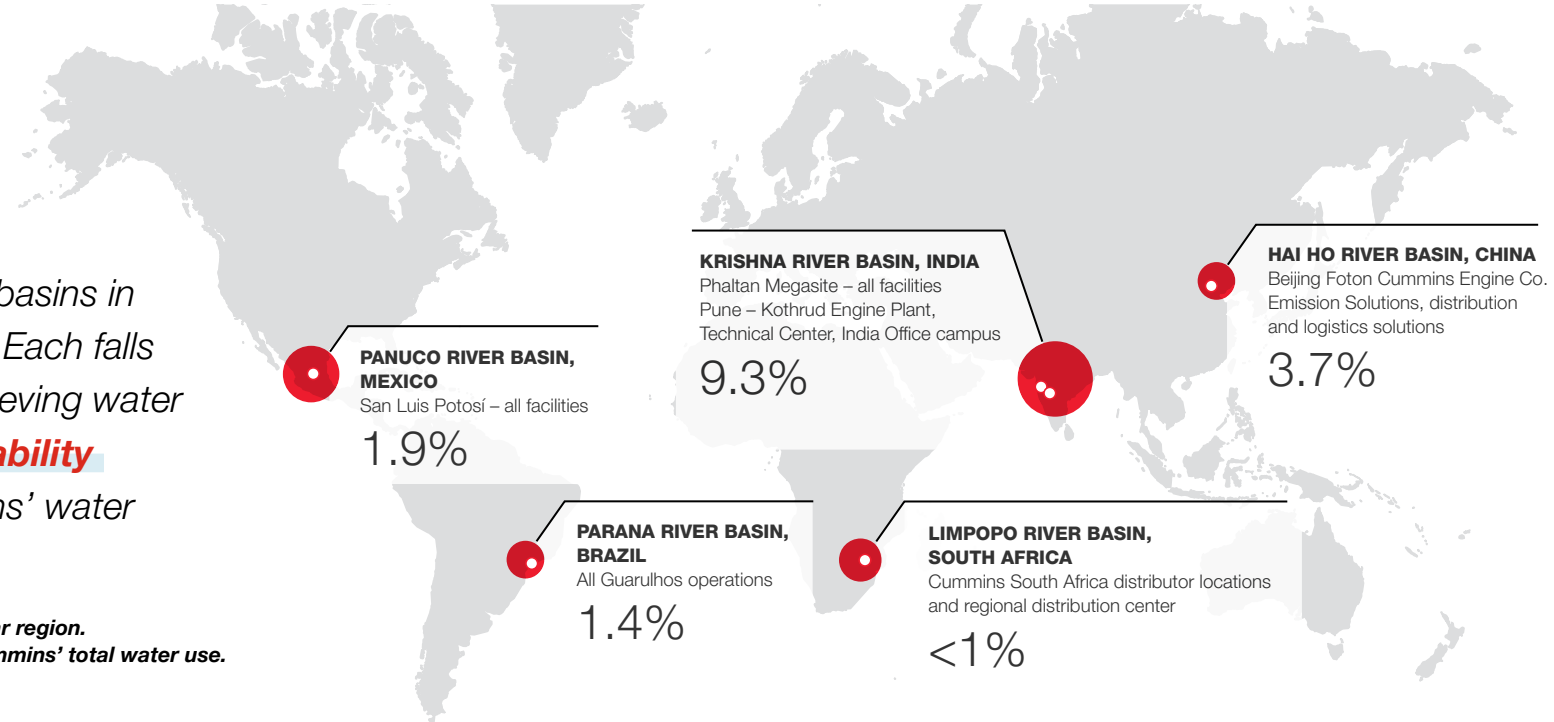
UNITED STATES	2014*	2015*	2016*	2017*	2018*	2019
<b>Diesel</b>	954,603	1,002,861	1,038,832	1,023,244	998,245	881,651
<b>Natural gas</b>	1,209,263	1,137,624	1,133,717	1,160,199	1,290,392	1,401,038
<b>Other fuels</b>	49,426	36,980	20,599	21,289	26,169	30,832
<b>Purchased electricity*</b>	5,227,521	5,354,055	5,320,361	5,509,620	5,787,632	5,416,815
<b>On-site renewable electricity*</b>	184	4,759	7,497	7,125	6,726	52
<b>U.S. Total Energy</b>	<b>7,440,593</b>	<b>7,536,280</b>	<b>7,521,007</b>	<b>7,721,477</b>	<b>8,109,164</b>	<b>7,730,388</b>
Non-U.S.						
<b>Diesel</b>	778,660	812,268	697,841	748,794	792,956	831,163
<b>Natural gas</b>	431,321	448,916	432,198	460,947	535,207	506,843
<b>Other fuels</b>	74,000	47,494	62,282	67,968	84,510	96,467
<b>Purchased electricity*</b>	4,013,328	4,066,871	4,169,428	4,620,942	4,859,400	4,850,911
<b>On-site renewable electricity*</b>	565	576	6,689	12,191	17,591	20,722
<b>Non-U.S. Total Energy</b>	<b>5,297,874</b>	<b>5,376,125</b>	<b>5,368,439</b>	<b>5,910,841</b>	<b>6,289,663</b>	<b>6,306,106</b>
<b>Total primary energy use</b>	<b>12,738,467</b>	<b>12,912,404</b>	<b>12,889,446</b>	<b>13,632,317</b>	<b>14,398,827</b>	<b>14,036,495</b>

*\*includes 3x factor for purchased electricity to account for T&D losses and 1x for on-site renewable electricity*

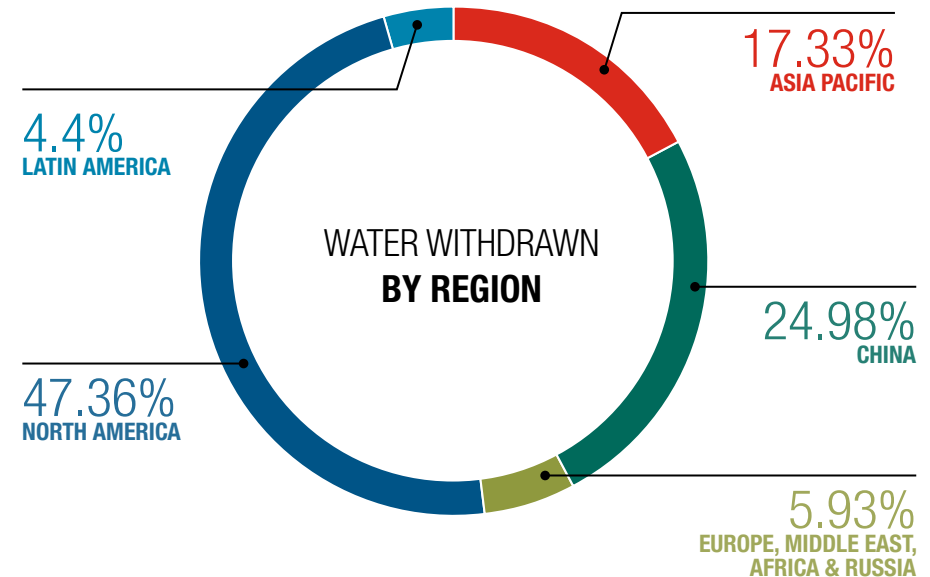
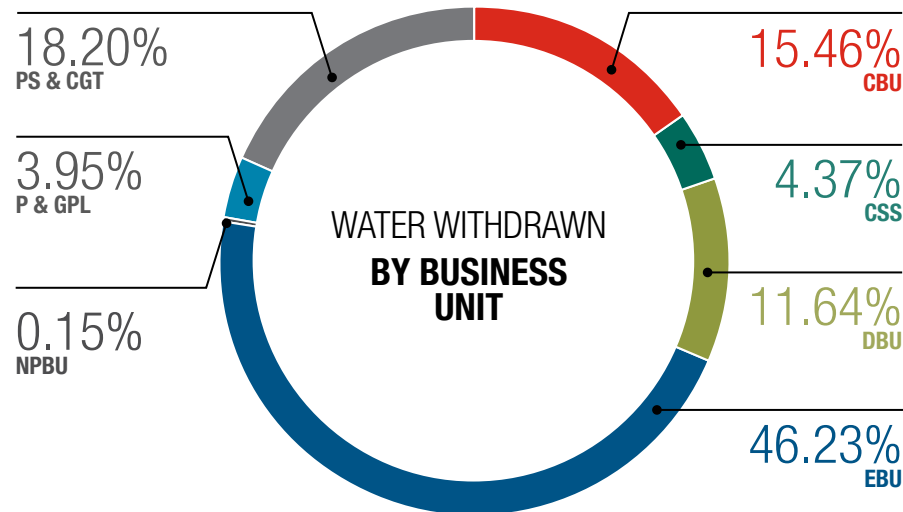
## WATER RISKS

These are the five most water-stressed river basins in the regions where Cummins has operations. Each falls within the company's priority regions for achieving water neutrality (see page 18 of the [2018 Sustainability Progress Report](#)). Overall, 46% of Cummins' water use is in water-stressed areas.

The size of the dot represents the size of the water basin in a particular region. The percentages refer to the amount of water removed relative to Cummins' total water use.



## WATER WITHDRAWN

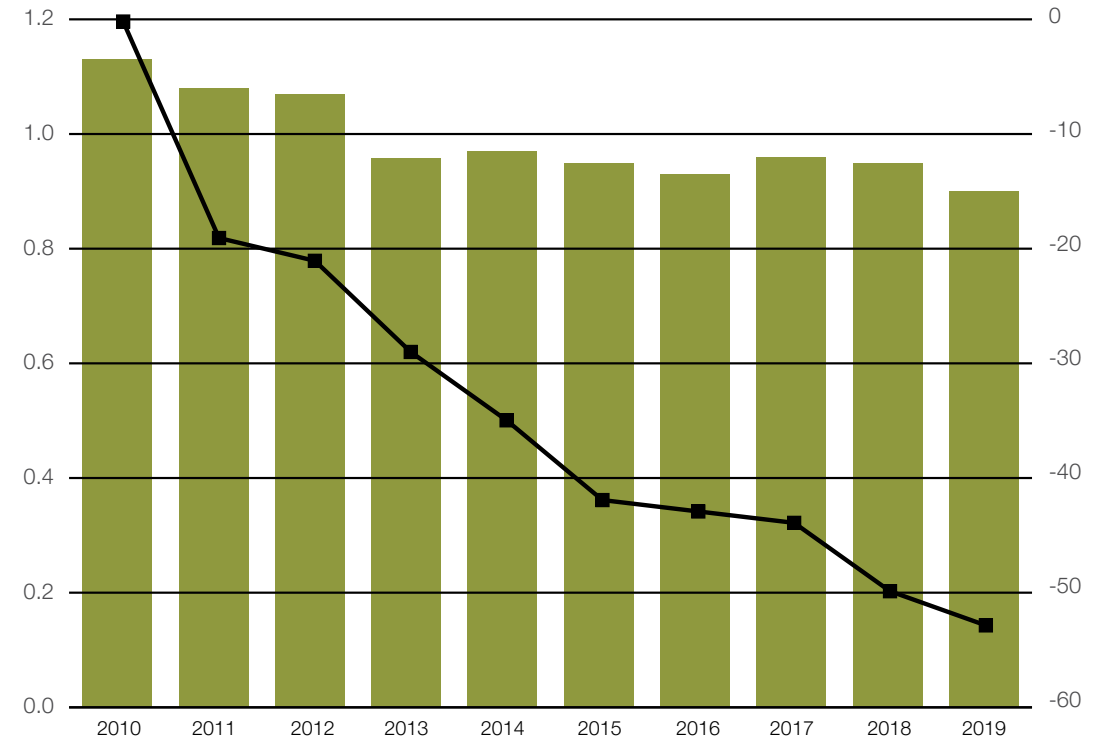


## WATER INDICATOR DATA

	IN GALLONS	IN MEGA LITERS	
<b>Water recycled and reused</b>	7,728,298	29.3	<b>Reuse and Recycle</b>
<b>Fresh surface water</b>	16,908,970	64.0	<b>Discharges</b>
<b>Municipal Treatment Plant</b>	496,161,004	1,878.2	
<b>Wastewater for another organization</b>	3,673,269	13.9	
<b>Aquifer Recharge</b>	123,882,130	468.9	
<b>Groundwater (renewable)</b>	44,294,296	167.7	<b>Withdrawals</b>
<b>Municipal supply</b>	850,398,284	3,219.1	
<b>Rain Water</b>	704,294	2.7	
<b>Consumption</b>	221,223,798	837.4	<b>Consumption</b>

## WATER USE AND INTENSITY CHANGE FROM BASELINE

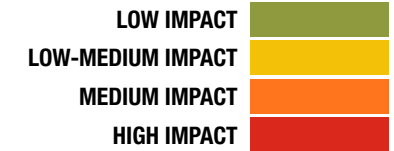
*in billion gallons*



<b>2010</b>	1.13 B	<b>2015</b>	.95 B
<b>2011</b>	1.08 B	<b>2016</b>	.93 B
<b>2012</b>	1.07 B	<b>2017</b>	.96 B
<b>2013</b>	.96 B	<b>2018</b>	.95 B
<b>2014</b>	.97 B	<b>2019</b>	.90 B

■ Water withdrawn from all sources  
—■ % change in water intensity from baseline

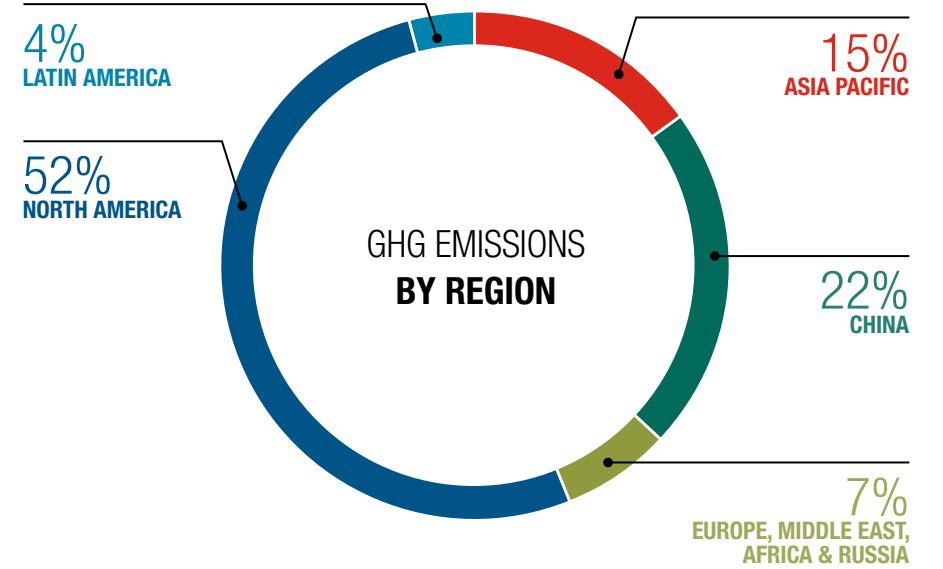
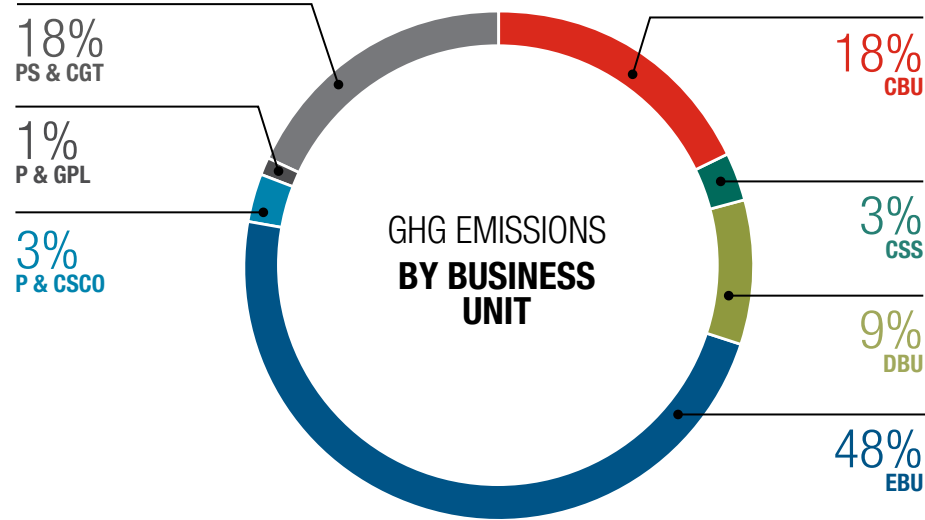
## BIO DIVERSITY HOTSPOTS



SITE NAME	COUNTRY	WRI BASELINE WATER STRESS	CONSERVATION INTERNATIONAL BIODIVERSITY HOTSPOT	IUCN THREATENED AMPHIBIANS	ALLIANCE FOR ZERO EXTINCTION	WWF 2020 PRIORITY PLACES	RAMSAR WETLANDS
CPG India - Pirangut	India	High Impact	High Impact	Low-Medium Impact	High Impact	High Impact	Low Impact
Singapore Data Center	Singapore	High Impact	High Impact	Low Impact	Low Impact	High Impact	Medium Impact
Parts Distribution Center Singapore	Singapore	High Impact	High Impact	Low Impact	Low Impact	High Impact	Medium Impact
Cummins Global Logistics Xi'an	China	High Impact	Low Impact	Medium Impact	High Impact	High Impact	Low Impact
Xi'an Cummins Engine Co., China	China	High Impact	Low Impact	Medium Impact	High Impact	High Impact	Low Impact
Cummins Filtration - Kilsyth	Australia	Medium Impact	Low Impact	Low Impact	Low-Medium Impact	Medium Impact	High Impact
Cummins Filtration - San Luis Potosí	Mexico	High Impact	Low Impact	Low-Medium Impact	Low-Medium Impact	Low-Medium Impact	High Impact
New Recon & Parts SLP, Mexico	Mexico	High Impact	Low Impact	Low-Medium Impact	Low-Medium Impact	Low-Medium Impact	High Impact
CFBU Turkey	Turkey	Low-Medium Impact	High Impact	Low Impact	Low Impact	High Impact	Medium Impact
CPG China	China	Low-Medium Impact	Low Impact	Low-Medium Impact	High Impact	High Impact	Low Impact
Bogota Regional Distribution Center	Colombia	Low Impact	High Impact	Low Impact	High Impact	High Impact	Low Impact
Cummins Global Logistic SLP	Mexico	High Impact	Low Impact	Low Impact	Low-Medium Impact	Low-Medium Impact	High Impact
Cummins India Office Campus	India	Medium Impact	Low Impact	Low-Medium Impact	High Impact	High Impact	Low Impact
Cummins India Limited, India	India	Medium Impact	Low Impact	Low-Medium Impact	High Impact	High Impact	Low Impact
Cummins Fuel System Juarez (JFS)	Mexico	Medium Impact	Low Impact	Low-Medium Impact	Low Impact	High Impact	Medium Impact

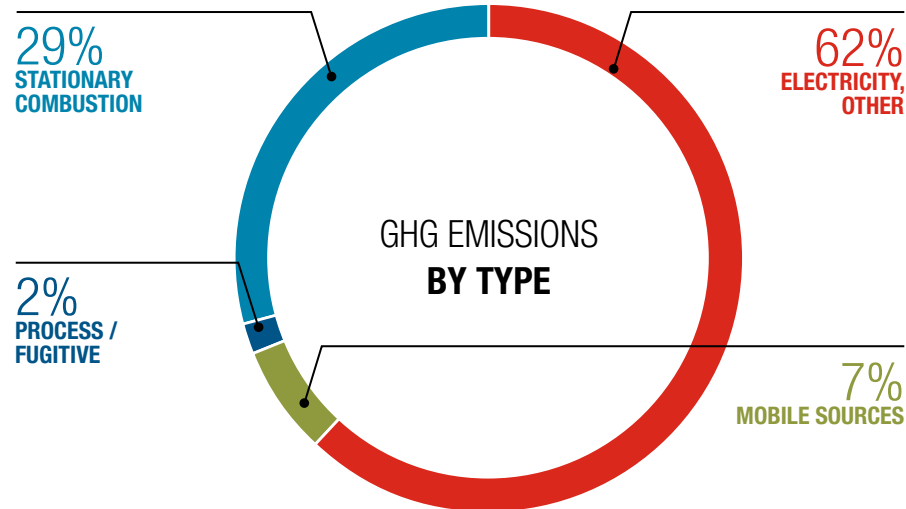
## GHG EMISSIONS BY BUSINESS UNIT AND REGION

CO<sub>2</sub>e



## GHG EMISSIONS BY TYPE

CO<sub>2</sub>e



## DIRECT AND INDIRECT EMISSIONS

(Facilities + power solutions  
business + mobile sources)

Metric tons CO<sub>2</sub>e

U.S. EMISSIONS					
DIRECT	2015	2016	2017	2018	2019
Stationary combustion	137,096	138,597	138,888	144,246	141,764
Mobile sources	21,274	36,138	32,611	33,197	34,620
Process / fugitive	4,259	4,827	5,260	4,874	4,856
Generation of sold electricity	0	0	0	0	0
<b>Total Direct Emissions</b>	<b>162,520</b>	<b>179,454</b>	<b>176,758</b>	<b>182,317</b>	<b>181,240</b>
INDIRECT EMISSIONS					
Electricity	286,923	282,434	261,122	272,115	238,458
Hot water	14	1	0	0	0
<b>Total Indirect Emissions</b>	<b>286,938</b>	<b>282,435</b>	<b>261,122</b>	<b>272,115</b>	<b>238,458</b>
DIRECT + INDIRECT					
<b>Total U.S. Emissions</b>	<b>449,457</b>	<b>461,889</b>	<b>437,880</b>	<b>454,432</b>	<b>419,698</b>

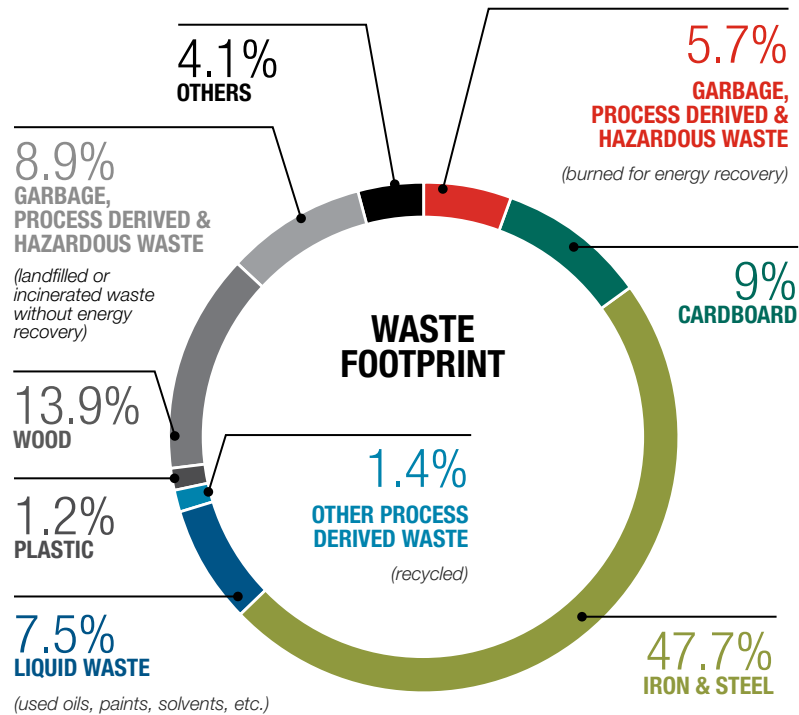
NON-U.S. EMISSIONS					
DIRECT	2015	2016	2017	2018	2019
Stationary combustion	85,271	75,590	81,340	88,644	89,801
Mobile sources	17,199	21,284	18,883	12	19,350
Process / Fugitive	9,823	10,567	10,464	9,990	10,220
Generation of sold electricity	17,199	17,049	17,360	17,360	2,296
<b>Total Direct Emissions</b>	<b>129,493</b>	<b>124,490</b>	<b>128,048</b>	<b>116,006</b>	<b>121,667</b>
INDIRECT EMISSIONS					
Electricity	247,930	246,214	274,954	282,498	258,391
Hot water	183	113	0	0	150
Steam	2,627	4,401	4,590	6,069	7,352
<b>Total Indirect Emissions</b>	<b>250,740</b>	<b>250,727</b>	<b>279,544</b>	<b>288,567</b>	<b>265,892</b>
DIRECT + INDIRECT					
<b>Total Non-U.S. Emissions</b>	<b>380,233</b>	<b>375,218</b>	<b>407,592</b>	<b>404,573</b>	<b>387,559</b>

TOTAL U.S. EMISSIONS AND NON-U.S. EMISSIONS					
DIRECT	2015	2016	2017	2018	2019
Stationary combustion	222,367	214,187	220,228	232,890	231,565
Mobile sources	38,473	57,423	51,494	33,208	53,971
Process / Fugitive	13,973	15,285	15,724	14,864	15,076
Generation of sold electricity	17,199	17,049	17,360	17,360	2,296
<b>Total Direct Emissions</b>	<b>292,012</b>	<b>303,944</b>	<b>304,806</b>	<b>298,323</b>	<b>302,907</b>
INDIRECT EMISSIONS					
Electricity	534,853	528,648	536,076	554,613	496,849
Hot water	198	114	0	0	150
Steam	2,627	4,401	4,590	6,069	7,352
<b>Total Indirect Emissions</b>	<b>537,677</b>	<b>533,162</b>	<b>540,666</b>	<b>560,682</b>	<b>504,351</b>
DIRECT + INDIRECT					
<b>Total Emissions</b>	<b>829,690</b>	<b>837,107</b>	<b>845,472</b>	<b>859,005</b>	<b>807,258</b>

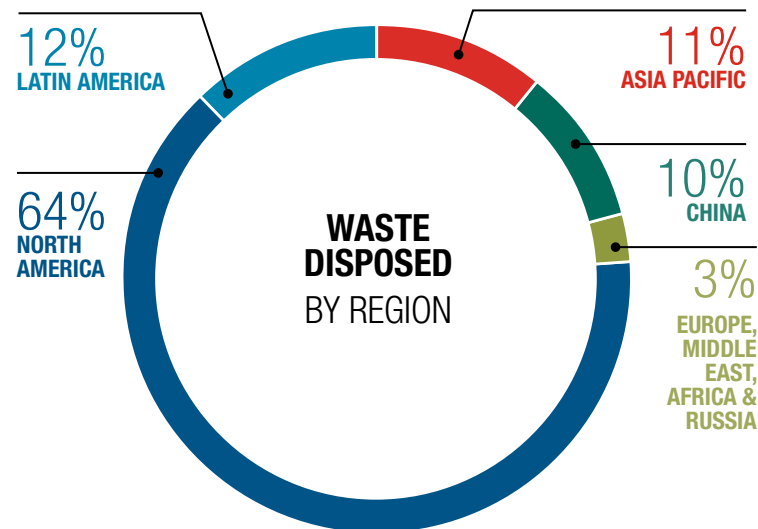
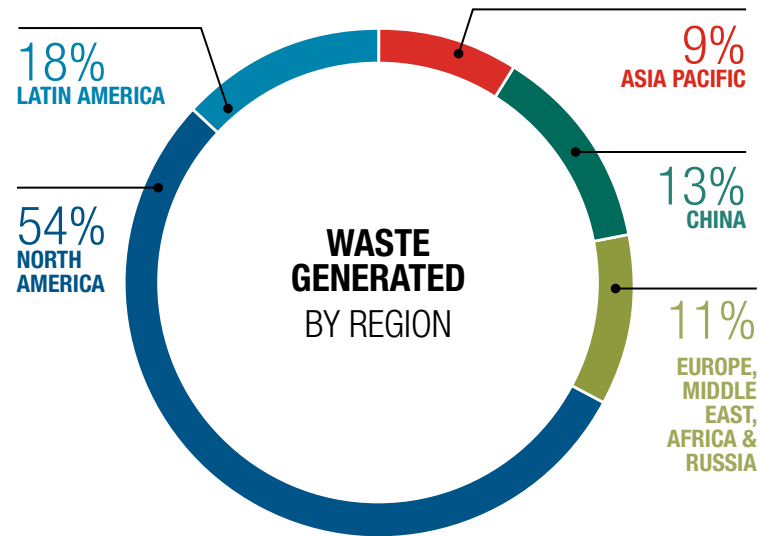
## CUMMINS WASTE FOOTPRINT

Iron and steel make up the largest component of Cummins' waste footprint.

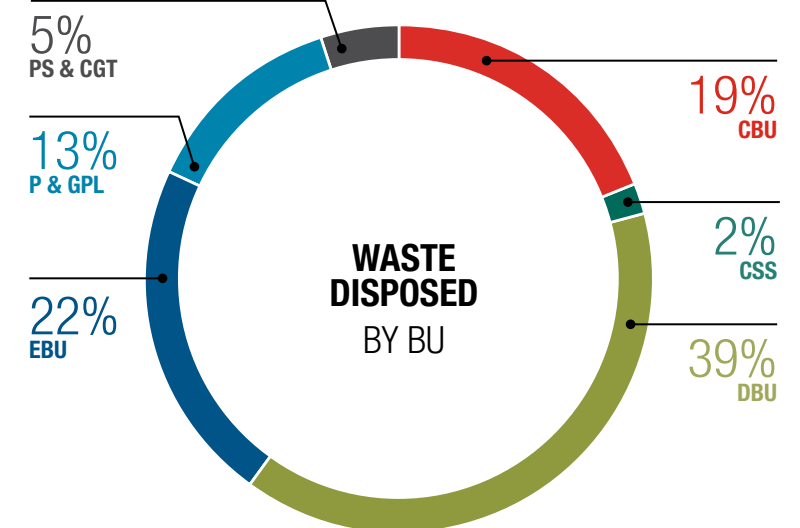
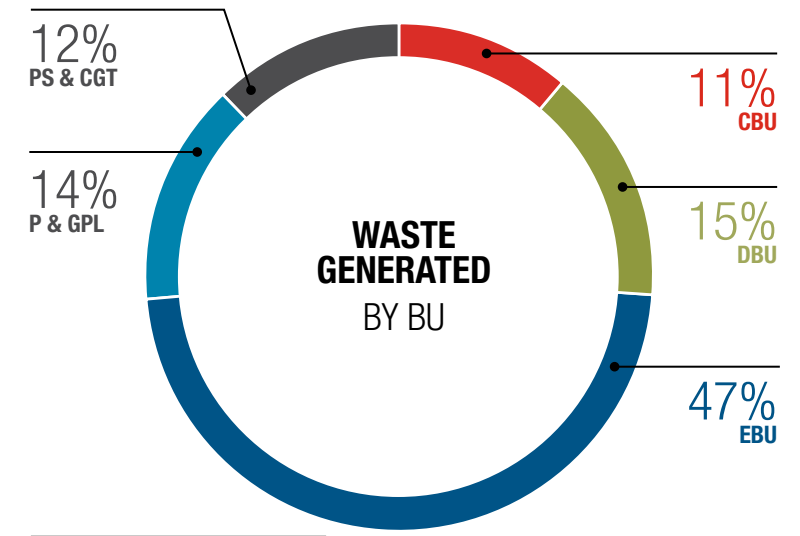
(Metric tons)



## WASTE BY REGION



## WASTE BY BUSINESS UNIT



## RECYCLED MATERIALS

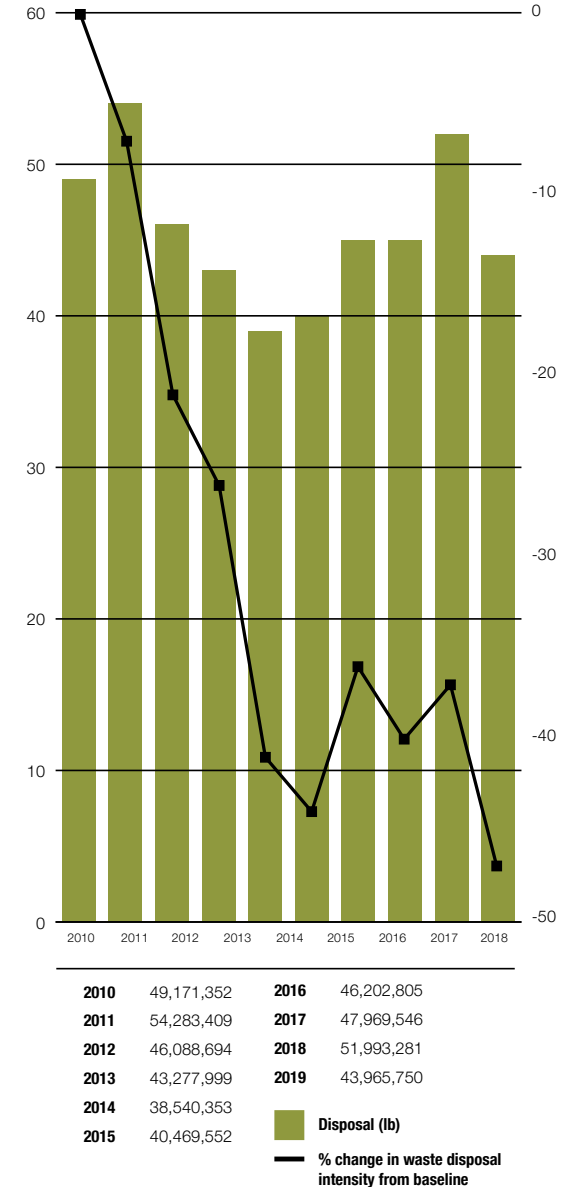
in metric tons

RECYCLED METALS	2015	2016	2017	2018	2019
Iron and steel	94,482	96,030	107,940	113,404	107,016
Aluminum	850	804	787	1,067	1,218
Copper and brass	649	667	915	585	609
E-waste	103	102	95	192	1,048
RECYCLED NON-METALS					
Wood	28,488	24,930	26,630	31,529	31,265
Cardboard	18,563	17,732	19,595	22,332	21,315
Liquid Waste	11,554	10,667	13,065	13,261	16,753
Burned for energy recovery	7,232	8,283	9,787	10,397	12,833
Composted	1,722	1,422	997	996	1,191
Plastic	2,011	2,302	2,741	3,551	2,778
Office paper	953	995	1,375	1,969	2,604
Hazardous waste	1*	651	434	1,681	2,636
Other process derived industrial waste	999	902	1,792	2,456	3,036
<b>Total Recycled Waste</b>	<b>167,608</b>	<b>165,486</b>	<b>186,151</b>	<b>203,419</b>	<b>204,301</b>

\* Includes only US EPA RCRA Hazardous waste

## TOTAL WASTE DISPOSED AND INTENSITY CHANGE FROM BASELINE

in million pounds





● **18+ ZERO DISPOSAL SITES**

- Darlington Engine Plant (and operations), U.K
- Cummins Power Systems, Daventry (and operations), U.K
- Cummins Turbo Technologies, Huddersfield, U.K
- Cummins Filtration, Quimper, France
- Cummins Global Logistics, Rumst, Belgium
- Cummins Global Logistics, Singapore
- Columbus Engine Plant, Columbus, Indiana, U.S.
- Distribution, Wellingborough, U.K.
- Cummins Turbo Technologies, Wuxi, China
- Cummins Generator Technologies Fountain Park, Peterborough, U.K.
- Cummins Emission Solutions, Markthiedefeld, Germany
- Olympia Building, Columbus, Indiana, U.S.
- Jamestown Engine Plant, New York, U.S.
- Power Systems HQ, Fridley, U.S.
- Generator Technologies Xinrong Plant, Wuxi, China
- Generator Technologies Xiangjiang Plant, Wuxi, China
- Parts Distribution Center, Phaltan, India
- ReCon Phaltan, India

+8 sites pending final review

● **15 WATER NEUTRAL SITES**

- Cummins Filtration, Shanghai, China
- Generator Technologies Ahmednagar, India
- Generator Technologies Ranjangaon, India

**PHALTAN, INDIA “MEGASITE”:**

- Common Facilities-Megasite
- Cummins Technologies India Limited (CTIL)
- Distribution High Horse Power Rebuild
- Parts Distribution Center
- Phaltan Components Plant 1 (Fuel Systems Plant)
- Power Systems SEZ
- ReCon Phaltan
- Tata Cummins Private Limited – IMEP
- Tata Cummins Private Limited Phaltan

**PUNE, INDIA:**

- Kothrud Engine Plant
- Cummins India Technical Center
- India Office Campus

**EXPLAINING WATER NEUTRAL AND ZERO DISPOSAL GOALS**

WATER NEUTRAL	ZERO DISPOSAL
01	<i>Consistent with the waste and water management hierarchies (reduce first)</i>
02	<i>Protects the environment and the communities where the company operates</i>
03	<i>Completes annual validation reviews (new and renewal sites)</i>
<p><i>Successfully offsets 100% of its water consumption within the community.</i></p> <p><i>Must be in a water scarce region (Mexico, China, India, Africa, Brazil) to be counted in the goal of 15 sites.</i></p>	<p><i>Successfully recycles 100% of its waste. Waste burned for energy recovery must produce a net energy gain to be considered in recycling.</i></p> <p><i>Must have a headcount of 100 or more to be counted in the goal of 30 sites.</i></p>



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