

# 2021 SUSTAINABILITY PROGRESS REPORT



# RUMSEY TO BECOME CUMMINS' SEVENTH CHIEF EXECUTIVE AND FIRST FEMALE CEO

Shortly before the posting of this report, Cummins announced President and Chief Operating Officer Jennifer Rumsey would assume the role of President and CEO, becoming the company's first female Chief Executive Officer.



Current Chairman and CEO Tom Linebarger will end his term as Chief Executive Officer effective Aug. 1, 2022, while continuing to serve as Chairman of the company's Board of Directors and in an Executive Chairman role, working directly with Rumsey on specific initiatives that position Cummins for continued success, including completing the pending acquisition of Meritor.

"Jen is a once in a generation talent and the right leader for Cummins at this important time in our history," Linebarger said. "She has been my partner in developing the Destination Zero strategy, which sets forth how the decarbonization of our industry will be a significant growth opportunity for Cummins. Her background as an engineer

and technology expertise provides her a deep understanding of the major technical changes taking place and how to capitalize on them."

Rumsey will become only the seventh Chief Executive Officer at the company since Cummins was founded in 1919. During her more than 20-year career at the company, she has held numerous key positions including Chief Technical Officer, President of the Components business segment and her current role as President and Chief Operating Officer. Earlier this year, Rumsey was elected to the Cummins Board of Directors. She will maintain her seat on the board.

"During our long-term strategic planning, the board had the opportunity to see Jen lead on key business initiatives and co-author the Destination Zero strategy with Tom," said Tom Lynch, Lead Director of Cummins' Board of Directors. "Jen is the ideal choice to lead Cummins into its next chapter, and we are confident that Jen will drive continued success for our business and customers."

Rumsey holds a Bachelor of Science in Mechanical Engineering from Purdue University and a Master of Science in

Mechanical Engineering from Massachusetts Institute of Technology. She worked for a fuel cell technology startup in Cambridge, Massachusetts, before deciding to return to her hometown of Columbus, Indiana, and a position with Cummins.

***"I am honored and proud to be appointed the next CEO of Cummins and excited about what the future holds for the company," Rumsey said. "Growing up in Columbus, Indiana, where Cummins was founded, and spending most of my career here, makes this announcement incredibly meaningful."***

Linebarger has served as Chief Executive Officer since January 2012, succeeding Tim Solso. He has led the company's transition to a low carbon economy while continuing Cummins' commitment to diversity, equity and inclusion as well as community engagement and ESG excellence.

**More on this important transition will be included in next year's Sustainability Progress Report.**



# **CUMMINS AND 2021: A YEAR OF ACTION**

2021 was dominated by challenges demanding action, from Cummins and our stakeholders. It will take all of us working together to address these broad and systemic issues, and Cummins is committed to taking a leadership role in these efforts.

## **LEADING THE TRANSITION TO ZERO EMISSIONS**

Climate change is the existential crisis of our time. Climate-related catastrophes present a growing threat to the communities where we do business and to our plants, facilities, supply chain and customers around the world. Climate change is also the greatest threat to achieving our mission of making people's lives better by powering a more prosperous world. The decarbonization of our economy is critical to our way of life, and our industry will play a key role in it.

Our journey to zero emissions is also a growth opportunity for Cummins. We are confident in our ability to lead in bringing lower carbon technologies to commercial and industrial markets globally due to the unique capabilities Cummins has built over many years.

Our company's strategy to lead in this work is aligned with our sustainability goals, and we have a history of being a leader in sustainability. Over the last 20 years, we have reduced NOx (nitrogen oxides) and particulate matter emissions from today's engines by over 90%. This new chapter of innovating for low carbon technology is another opportunity for us to deliver on our mission and provide solutions to our customers.



*Chairman and CEO Tom Linebarger announces to the Spanish media and invited guests that Cummins will build in Spain one of the largest manufacturing plants for electrolyzers in the world.*

In 2021, we took several steps to address climate change in critical parts of the economy:

- We announced a new 15-liter engine platform for heavy duty trucks that will begin with a natural gas version and later be available in a variety of fuels from diesel to hydrogen. This platform will offer leading power and performance while meeting more stringent emissions regulations.
- Cummins passed more than 2,000 fuel cells deployed and built a new fuel cell systems production facility in Herten, Germany.
- We exceeded 500 buses moving communities forward with our BEV (battery electric vehicle) technology and in 2022 surpassed 1 million miles driven by Blue Bird's Cummins-powered electric school buses since 2018.
- Our company began work on what will be one of the world's largest electrolyzer production plants in Spain.
- Cummins launched several key partnerships and acquisitions, including:

- » A global strategic partnership with Daimler to provide medium-duty powertrain systems for Daimler Trucks and Buses.
- » An agreement with Iberdrola, one of the world's largest energy companies, on large-scale hydrogen production projects in Spain and Portugal.
- » A Letter of Intent to acquire 50% equity interest in Momentum Fuel Technologies from Rush Enterprises to produce Cummins-branded natural gas fuel delivery systems for the commercial vehicle market in North America.
- » An agreement with Sion Power Corporation to design and supply battery cells based on their proprietary lithium metal technology for commercial vehicle applications; and
- » The formation of a 50:50 joint venture with Sinopec to form Cummins Enze, which will accelerate the affordability and availability of green hydrogen in China.

Only Cummins can power our customers' success through this transition with our growing portfolio of diesel, natural gas, propane, hydrogen, fuel cell and battery system solutions.

### **LEADING TO CREATE A GREAT WORK ENVIRONMENT**

Despite our desire for the pandemic to end, COVID-19 continued to rage on. In 2021, we focused on encouraging our employees to get COVID-19 vaccinations to keep everyone as safe and healthy as possible. We started by launching a global employee survey on vaccine interest, questions and concerns. We used those responses to launch a global vaccine education campaign where employees could get answers on vaccine topics from knowledgeable sources they trust.

As vaccines became available, we delivered more than 45,000 vaccine shots around the world to protect Cummins employees, contractors and their families, sponsoring vaccination clinics from India to Indiana. In the U.S., we also launched a vaccine incentive program.

We used our lessons learned during the pandemic to create enhanced ways of working for Cummins employees. We are steadfast in our commitment to building a dynamic workplace where all employees are inspired and encouraged to achieve their full potential. We recognize that how we work in the future will be different from how we have worked in the past. Through enhanced ways of working that are more flexible, agile and inclusive, we can increase the productivity of our teams and create a better environment for our employees.

### **LEADING TO SERVE OUR STAKEHOLDERS**

Our long-standing commitment to our stakeholders—our communities, customers, employees, partners and shareholders—remains a top priority. Aligned with our stakeholder model, we believe that each stakeholder in a company is served best by supporting every stakeholder.

At Cummins, we do this by living our core values inside and outside of the workplace. Our success depends on our ability to create a diverse, equitable and inclusive culture. Diversity, equity and inclusion (DE&I) is a



## CEO LETTER //

source of competitive advantage. We have a history of bringing people together with different talents to solve complex problems and drive innovation.

Our commitment to diversity enables us to attract the best talent, and our commitment to equity and inclusion positions us to deploy our talent more effectively than others. There are many companies working to solve complicated global challenges.

***What sets Cummins apart is that we are experts in using the power of difference to address tough issues—leveraging the capability of our leaders and the diverse perspectives of our teams to deliver the best solutions to customers around the world in a way that is customized to their culture, language and needs.***

Our communities also thrive when we create more equitable and inclusive environments. In 2020, we launched the Cummins Advocating for Racial Equity (CARE) initiative in the U.S. that focuses on achieving police reform, realizing criminal justice reform, creating economic empowerment by building Black wealth and income, and driving social justice reform in healthcare, housing, workforce development and civil rights, including voting rights and education.

In just one year, our CARE program invested more than \$20 million into communities, including \$3.75 million in grants and forgivable loans to over 300 Black-owned businesses. CARE volunteers participated in 16 advocacy initiatives, resulting in eight law and policy changes, including revisions to two public safety use-of-force protocols. Institutional racism is a disease. It will take decisive and sustained action to dismantle racism, and Cummins will be part of that action.

We continue to invest significant time and funds into our communities. With the launch of Cummins Water Works last July, Cummins now has global strategic community initiatives aligned with each of our community priority areas of Education, Equality of Opportunity and Environment.

In Education, Cummins TEC: Technical Education for Communities, has 25 schools in 12 countries. For Equality of Opportunity, our \$22 million commitment in Cummins Powers Women has benefitted an estimated 26 million women and girls. And finally, Cummins Water Works focuses on being part of the collective action required to solve the growing global water crisis. Supported initially by more than \$8 million in Cummins

grants, Cummins Water Works will partner with leading water experts to invest in sustainable, large-scale, high-impact water projects.

Cummins employee-led volunteerism and grantmaking reached record levels last year, with \$35.7 million in global community giving and more than 186,000 volunteer hours.

### MOVING FORWARD TOGETHER

We cannot get where we need to be acting alone—whether on climate action, the pandemic or supporting our communities. Partnering with our many stakeholders has never been more important to making progress on these enormous challenges.

Our children and their children will look back and ask what we did to address these issues, and we must work together to solve them.

### **Tom Linebarger**

*Chairman and Chief Executive Officer*

## LINEBARGER'S CAREER AT CUMMINS

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

*Jan. 1, 2012, to present*

### PRESIDENT AND CHIEF OPERATING OFFICER

*2008-2011*

### EXECUTIVE VICE PRESIDENT, PRESIDENT – POWER GENERATION BUSINESS

*2005-2008*

### VICE PRESIDENT – POWER GENERATION

*2003-2005*

### VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

*2000-2003*

### VICE PRESIDENT – SUPPLY CHAIN MANAGEMENT

*1998-2000*

### MANAGING DIRECTOR – HOLSET ENGINEERING COMPANY (A DIVISION OF CUMMINS)

*1997-1998*

### SENIOR MANAGER – ENGINEERING OPERATIONS AND TECHNICAL CENTER LEADER, HOLSET

*1996-1997*

### ENGINE COMPANY ASSISTANT TO GROUP VICE PRESIDENT FOR WORLDWIDE OPERATIONS, PROGRAM MANAGER – ADVANCED FUEL SYSTEMS

*1994-1996*

### INTERNSHIP – ASSISTANT TO PLANT MANAGER COLUMBUS MIDRANGE ENGINE PLANT

*1992*

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# SUSTAINABILITY AT CUMMINS

**Cummins' approach to sustainability aligns with the company's mission to make people's lives better by powering a more prosperous world.**

A more prosperous world has a financial component, but at Cummins it means more than that. A more prosperous world is also a world with clean air and clean water, and a world where businesses partner with other stakeholders to weave a stronger social fabric. The company has long believed success is about more than just the bottom line.

The Cummins Sustainability Progress Report is divided into three sections to show the company's progress toward its mission: environmental reporting, social reporting, and governance and economic reporting. Cummins strives to be consistent with the reporting structures established by the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the Taskforce for Climate-related Financial Disclosures (TCFD).

The company also regularly reports specifically to these other platforms. Here's the company's plans for 2022:

## CUMMINS 2022 CDP REPORT

Cummins is committed to sharing its annual CDP (formerly the Carbon Disclosure Project) water and climate filings. The CDP was established to help build a truly sustainable economy by increasing understanding around a company's environmental impact.

## CUMMINS 2021 GLOBAL REPORTING INITIATIVE CONTENT INDEX AND DATA BOOK

The company plans to again produce a separate posting aligned to the Global Reporting Initiative (GRI) platform based on the company's 2021 data. The GRI was established by a partnership including the United Nations to provide a consistent way for companies to report on their ESG performance.

## CUMMINS 2021 SUSTAINABILITY ACCOUNTING STANDARDS BOARD REPORT INDEX

Cummins plans to produce a report aligned specifically to the disclosures in the Sustainability Accounting Standards Board (SASB) reporting platform, updating the report filed in 2020. SASB was established

in 2011 to provide investors with industry-specific sustainability information about the companies they are investing in.

## CUMMINS 2021 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE REPORT

Cummins will also be reporting to the Taskforce on Climate-related Financial Disclosures (TCFD). Created in 2017, TCFD is designed to provide investors and others with a clearer picture of a company's climate-related disclosures and climate-related risks.

## CUMMINS DATA

Cummins works with Apex, a leader in verification and assurance, to review key environmental, social and governance data. Apex's assurance letter will be posted in Cummins' sustainability document archive as soon as it is available. For environmental data, company facilities include all consolidated operations and joint ventures that are part of the Cummins Enterprise Environmental Management System. Employee data consists of just consolidated operations. Financial data comes from the

company's **Annual Report** on Form 10K, and the **2022 Proxy Statement** is the source of information on the Cummins Board of Directors.



## CUMMINS 2021-22 SUSTAINABILITY OVERVIEW

At Cummins, we know some people are looking for a presentation that is a little shorter than many of our sustainability and ESG reports. Once again, the company has produced a shorter overview of Cummins' sustainability initiatives covering 2021 and the first half of 2022. You can find our newest overview in our sustainability **[document archive](#)**.

ABOUT COVER //

# ABOUT THE COVER

Cummins approached living with the pandemic in its typical workman-like fashion in 2021, advancing the company's sustainability initiatives, overcoming uncertainties in the global supply chain, and taking a leadership role in the transition to a no-carbon economy.

By early 2022, Cummins President and Chief Operating Officer Jennifer Rumsey (1) was welcoming back office employees in the company's home state of Indiana, consistent with recommendations by the Centers for Disease Control and Prevention as COVID-19 rates fell in the U.S. Midwest.

Looking back, 2021 will be remembered at Cummins as a year of innovation, determination, celebration and dedication, as the company worked to reduce its carbon footprint. Cummins, for example, constructed a record number of solar installations at company facilities around the world, including what will be Cummins' second largest solar array at the Rocky Mount Engine Plant in North Carolina (2).

Cummins celebrated recognition from Prince Charles (3), who announced in Glasgow, Scotland, the company was among the inaugural recipients of the Terra Carta Seal, emblematic of industry leadership on decarbonization.

The award also reflected the dedication of essential employees across the company, who kept Cummins moving forward in the face of the pandemic. Their efforts were critical as the company worked to reduce the carbon produced by its core products and bring to market the low- and no-carbon technologies that will power the future (4,5).

While the challenges are many looking ahead, 2021 showed, yet again, Cummins is up to the task.





**MATERIALITY MATRIX //**

# MATRIX ESTABLISHES REPORTING PRIORITIES

Cummins’ materiality matrix determines the relevant topics sufficiently important for the company to report on. This report puts a special focus on the upper right quadrant of the matrix where topics are highly relevant to both Cummins and its stakeholders.

A cross-functional team annually reviews the matrix to determine if topics should be added or moved, aligning it to stakeholder requests for information, the company’s risk evaluation process and other information sources.

Cummins updated its matrix in 2020 to reflect critical concerns around COVID-19 and racial equity. They remain topics of importance both for the company and its stakeholders, reflected in the placement of “Organizational resiliency,” “Occupational health and safety,” and “Diversity, equity and inclusion” in the upper right quadrant.

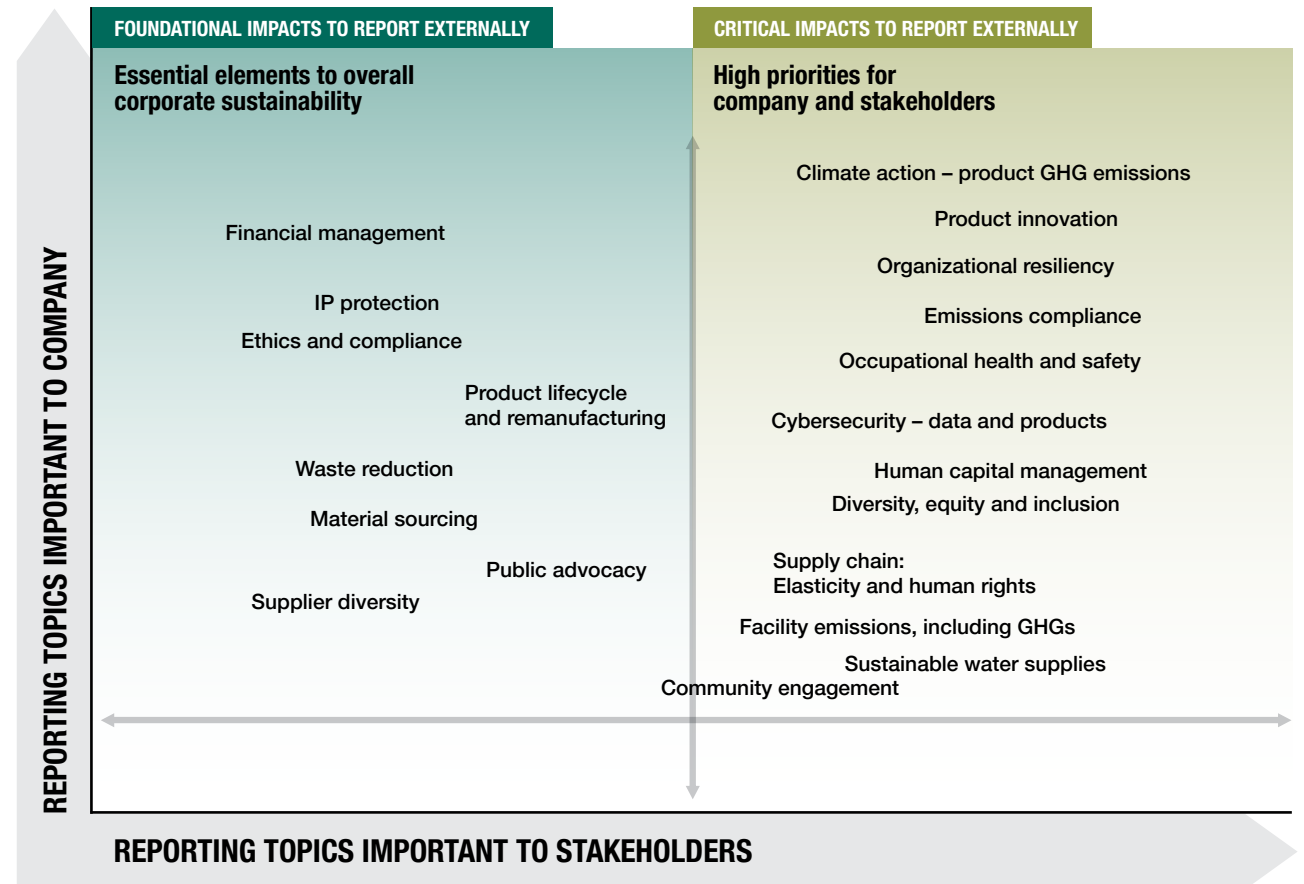
The committee also shifted “Climate action” to the upper right quadrant to reflect stakeholders’ growing concern with that global challenge as well as Cummins’ position that climate change is both a threat to the company’s mission to make people’s lives better by powering a more prosperous world, and an opportunity for company growth.

The 2021 matrix also consolidates several topics under “Human capital management” to better reflect stakeholders’ increasing interest in the critical role employees play in corporate sustainability. The updated matrix also consolidates topics around “Supply chain” as companies around the world endure parts shortages and other supply chain challenges.

Finally, Cummins continues to report on topics the company believes are essential to sustainability found in the upper left hand quadrant of its matrix.

## REPORTING MATERIALITY MATRIX

*This diagram captures the upper half of the company’s Reporting Materiality Matrix to enhance clarity.*



KEY INDICATORS //

# KEY PERFORMANCE INDICATORS



Cummins takes a broad view of sustainability, including a number of topics falling under environmental, social 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
- 4 Scope 1 and 2 energy consumption

		2019	2020	2021
ECONOMIC	Revenue	\$23.6 billion	\$19.8 billion	\$24 billion
	Net Income	\$2.4 billion	\$1.8 billion	\$2.1 billion
ENVIRONMENTAL	GHG emissions Scope 1 (thousands of metric tons CO <sub>2</sub> e)	303	258	269
	GHG emissions Scope 2 location-based (thousands of metric tons CO <sub>2</sub> e)	504	441	465
	GHG emissions Scope 2 market based (thousand of metric tons of CO <sub>2</sub> e)	386	336	343
	Total energy consumption <sup>1,4</sup> (thousands of MMBtu)	14,043	12,672	13,664
	Water use (millions of gallons)	895	772	838
	Generated waste (thousands of metric tons)	225	188	224
	SOCIAL	H&S Severity Case Rate	0.225	0.209
H&S Incidence Rate		0.594	0.482	0.569
Women in the workforce		26.88%	27%	27.8%
Every Employee Every Community (EEEC) participation rate		82%	34%	56%
People impacted by community giving		6.5 million	1.4 million	3 million



# THE U.N.'S SUSTAINABLE DEVELOPMENT GOALS

Cummins supports the U.N.'s Sustainable Development Goals to “end poverty, protect the planet and ensure prosperity for all.” As a signer of the U.N. Global Compact in 2017, the company wants to do its part to make the world a better place to live. Cummins believes its initiatives touch 17 goals with a special focus on 10 where it has the biggest impact. Here are some examples:

U.N. GOAL	CUMMINS' ROLE	STATUS SUMMARY	LEARN MORE
 <p><b>1 NO POVERTY</b></p>	<p><b>NO. 1 NO POVERTY</b></p> <p>Cummins TEC provides disadvantaged you a path to decent jobs.</p>	<p>TEC has produced 2,713 graduates since launching in 2012.</p>	<p><a href="#">Page 38</a></p>
 <p><b>4 QUALITY EDUCATION</b></p>	<p><b>NO. 4 QUALITY EDUCATION</b></p> <p>Education is one of three focus areas for the company's community engagement efforts.</p>	<p>12.9% of the company's community giving in 2021 went to education initiatives, often supporting employee led projects.</p>	<p><a href="#">Page 37</a></p>
 <p><b>5 GENDER EQUALITY</b></p>	<p><b>NO. 5 GENDER EQUALITY</b></p> <p>Cummins Powers Women works with expert non-profits and NGOs to address equality for women and girls.</p>	<p>Cummins Powers Women has impacted the lives of an estimated 26 million women and girls since its launch in 2018.</p>	<p><a href="#">Page 39</a></p>
 <p><b>6 CLEAN WATER AND SANITATION</b></p>	<p><b>NO. 6 CLEAN WATER AND SANITATION</b></p> <p>Creating sustainable water supplies for communities is the focus of Cummins Water Works.</p>	<p>Cummins initiated Water Works in 2021 with \$8.5 million in Cummins giving.</p>	<p><a href="#">Page 41</a></p>
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	<p><b>NO. 7 AFFORDABLE AND CLEAN ENERGY</b></p> <p>Energy is a key focus for the company's PLANET 2050 environmental strategy.</p>	<p>Cummins has increased the supply of renewable energy from more than 50 solar arrays at company facilities.</p>	<p><a href="#">Page 30</a></p>

**U.N. GOALS //**

**ABOUT THE GLOBAL COMPACT**

Cummins is a member of the United Nations Global Compact. It is organized around 10 fundamental principles:

**HUMAN RIGHTS**

- Businesses should support and respect the protection of internationally proclaimed human rights.
- Businesses should make sure that they are not complicit in human rights abuses.

**LABOR**

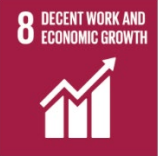




- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Businesses should work for the elimination of all forms of forced and compulsory labor.
- Businesses should strive for the effective abolition of child labor.
- Businesses should support the elimination of discrimination in employment and occupation.

**ENVIRONMENT**

- Businesses should support a precautionary approach to environmental challenges.
- Businesses should undertake initiatives to promote greater environmental responsibility.
- Businesses should encourage the development and diffusion of environmentally friendly technologies.

**ANTI-CORRUPTION**

- Businesses should work against corruption in all its forms, including extortion and bribery.

U.N. GOAL	CUMMINS' ROLE	STATUS SUMMARY	LEARN MORE
 <p><b>NO. 8 DECENT WORK AND ECONOMIC GROWTH</b></p>	Cummins' mission is to build a more prosperous world for all stakeholders.	The company has multiple efforts in this area, including its Living Wage initiative, the CARE program and in 2021 Cummins Water Works.	<a href="#">Page 40,</a> <a href="#">Page 41,</a> <a href="#">Page 50</a>
 <p><b>NO. 9 INDUSTRY INNOVATION AND INFRASTRUCTURE</b></p>	Cummins is working to reduce the carbon produced by its internal combustion engines while bringing to market new no-carbon platforms.	In 2021 Cummins received a record 564 global patents while exceeding \$1 billion in research, development and engineering expenses.	<a href="#">Page 67</a>
 <p><b>NO. 12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p>	Cummins is creating a lifecycle plan for every part to use less, use better, use again.	Cummins took two key steps foundational to achieving this goal.	<a href="#">Page 24</a>
 <p><b>NO. 13 CLIMATE ACTION</b></p>	Cummins wants to play a leadership role in meeting the world's climate challenges.	Addressing climate change is part of the company's PLANET 2050 environmental sustainability strategy.	<a href="#">Page 19,</a> <a href="#">Page 20,</a> <a href="#">Page 21,</a> <a href="#">Page 22,</a> <a href="#">Page 23</a>
 <p><b>NO. 17 PARTNERSHIPS TO ACHIEVE GOALS</b></p>	Cummins has numerous examples of partnering to achieve its goals.	Cummins is partnering with a number of different groups and companies to reach its goals on carbon reduction.	<a href="#">Page 32,</a> <a href="#">Page 68</a>

ABOUT CUMMINS //

## WHO WE ARE

Cummins Inc., a global power leader, is a corporation of complementary business segments that design, manufacture, distribute and service a broad portfolio of power solutions.

The company's products include diesel, natural gas, electric and hybrid powertrains and powertrain-related components such as filtration, aftertreatment, turbochargers, fuel systems, controls systems, air handling systems, automated transmissions, electric power generation systems, batteries, electrified power systems, hydrogen generation and fuel cell products.

### WORLD HEADQUARTERS

500 Jackson St.  
Columbus, IN 47201

EST. 1919



cummins.com

FORTUNE 500 RANKING (2022)

149

CMI

STOCK SYMBOL  
(New York Stock Exchange)

59,900 EMPLOYEES WORLDWIDE

More than 50% of the company's employees are located outside the United States.  
(as of Dec. 31, 2021)

### CUSTOMERS

Cummins serves customers online, through a network of company-owned and independent distributor locations and through thousands of dealer locations worldwide.

### SALES / EARNINGS

Cummins earned \$2.1 billion on sales of \$24 billion.



# HOW WE DO IT

For nearly 20 years Cummins was organized into four business segments. Then, in 2018, the company established the Electrified Power segment to develop electric powertrains and related components. In 2019, the segment was renamed New Power to better reflect its expanded portfolio, including battery-electric, hydrogen-powered fuel cells, electrolyzers to produce green hydrogen and other new technologies.

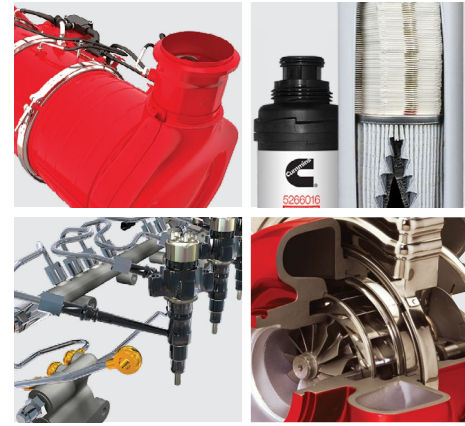


## ENGINE SEGMENT

Clean, efficient, dependable and durable, **Cummins engines** are found in nearly every type of commercial truck and equipment on Earth. The Engine business segment designs and builds diesel and natural gas engines for heavy- and medium-duty trucks, buses, light-duty trucks and for off-highway markets including agriculture, construction and military equipment.

## POWER SYSTEMS

Cummins Power Generation is a world leader in the design and manufacture of power equipment. The **Power Systems** segment produces power generation systems, components, and services in standby and prime power, distributed power generation, combined heat and power and auxiliary power in mobile applications. It also designs and builds the high horsepower engines used for these and other purposes.



## COMPONENTS

Engine manufacturers use the **Components** segment's technology to make their products outstanding. It is organized around these entities:

**EMISSION SOLUTIONS** designs and manufactures exhaust aftertreatment technology to reduce emissions.

**FILTRATION\*** designs and manufactures filters, coolant and chemical products.

**ELECTRONICS AND FUEL SYSTEMS** designs and manufactures electronic control modules, supporting software and fuel systems to maximize power and fuel economy while reducing emissions.

**TURBO TECHNOLOGIES** designs and manufactures turbochargers to meet challenging performance standards and emission requirements.

**AUTOMATED TRANSMISSIONS** develops and supplies automated transmissions for heavy-duty commercial vehicles.

*\*In 2021, Cummins announced the exploration of strategic alternatives for its filtration business.*



## NEW POWER

The **New Power** segment includes battery-electric and fuel cell electric products as well as electrolyzers used in renewable hydrogen production and potentially other new power initiatives. Cummins in 2019 acquired Hydrogenics, a fuel cell and hydrogen production technologies company, which is now included in the segment.

## DISTRIBUTION

The **Distribution** segment provides sales, service and support to customers around the world through the largest number of certified service and support locations of any engine manufacturer. Cummins has the technical expertise and experience to deliver fast, high quality repairs; planned maintenance and upgraded solutions.



# CUMMINS' STORY

## WHY WE EXIST

### MISSION

*Making people's lives better by powering a more prosperous world*

## WHAT WE WANT TO ACCOMPLISH

### VISION

*Innovating for our customers to power their success*

## HOW WE WILL DO IT

### VALUES

#### INTEGRITY

*Doing what you say you will do and doing what is right*

#### DIVERSITY & INCLUSION

*Valuing and including our differences in decision making is our competitive advantage*

#### CARING

*Demonstrating awareness and consideration for the wellbeing of others*

#### EXCELLENCE

*Always delivering superior results*

#### TEAMWORK

*Collaborating across teams, functions, businesses and borders to deliver the best work*

### LEADERSHIP CULTURE

*Inspiring and encouraging all employees to achieve their full potential*

### BRAND PROMISE

*Powering our customers through **innovation** and **dependability***

### STRATEGY

*Delivering value to all stakeholders*

# CUMMINS EXPANDS TOOLS FOR CONTINUOUS IMPROVEMENT

Cummins is a continuous improvement company. For more than 20 years, the global power leader has used Six Sigma, the business problem solving tool, to drive that improvement, from Cummins' supply chain to its community engagement efforts.

Six Sigma's data-based analysis is used primarily to identify defects and variation in a wide range of manufacturing and business situations. Cummins also encourages its suppliers to use the tool, and partners with customers to solve their biggest challenges using Six Sigma.

In addition, Cummins uses the tool in its efforts to build stronger communities, including as part of its Cummins Advocating for Racial

Equity (CARE) initiative. CARE team members have employed Six Sigma to tackle difficult social justice concerns.

Over time the company added tools to its tool kit and in 2021 Cummins expanded the Six Sigma function into IQTM—Intelligent Quality Tools and Methods. The company's IQTM function leads Cummins' efforts to continuously improve the products and services customers depend on.

## EXPANDING THE MISSION

These tools make Cummins a better company and help the global power leader sustain the improvements it makes to deliver on Cummins' brand promise of powering customers through innovation and dependability.

The company today offers dozens of tools employees can use to define a problem, collect relevant data, analyze the problem and ultimately find a solution. Most tools fit within the Six Sigma umbrella, but now employees have many different options, so they can choose what works best to reach their desired result.

Ultimately, the IQTM function's mission is preparing employees and the company to succeed in the digital age, adding tools and capabilities as they become available.

## INCREASING ACCESS

In addition to expanding the tools the company offers, the IQTM team has been working over the past two years to get more tools in more hands at Cummins, providing on-line learning opportunities and moving away from classroom training, which could be something of a bottleneck as interest in courses frequently exceeded available classroom space.

The IQTM team offers tools and processes specifically geared to employees' skill levels, whether they are an experienced Six Sigma Black Belt or entirely new to the concept.

The function is building on a track record of success. The company's Six Sigma efforts have identified more than \$7.5 billion in Profit Before Interest and Taxes savings since the tool was first implemented in 2000.

## LOOKING AHEAD

As the IQTM function moves forward it wants to continue embedding "Lean" business management practices and principles across the company to eliminate waste and increase efficiency, becoming partners with each business segment to improve quality.

The IQTM team also wants to help every Cummins employee gain the necessary skills to excel in manufacturing in the digital age.

## SIX SIGMA BY THE NUMBERS

1,631 *Closed Six Sigma projects across Cummins in 2021.*

723M **Estimated financial impact in dollars of Six Sigma projects at Cummins in 2021.**

5,845 *Employees achieving Six Sigma belt certifications in 2021.*

2.5+ **BILLION** **Estimated savings achieved by Cummins customers from Six Sigma since the tool was first offered to them in 2005.**



# AWARDS AND RECOGNITION

Cummins received several awards and recognition related to sustainability during 2021 and early 2022. Here's a brief look:



Member of  
**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA

## ENVIRONMENT

- Cummins was named in **2021 TO THE S&P DOW JONES WORLD AND NORTH AMERICAN SUSTAINABILITY INDICES**. It was the company's first time on the world index since 2013 and the 15th consecutive year on the North American index. The indices are one of the most prestigious sustainability ratings.
- The company in 2021 was named one of the inaugural recipients of Prince Charles' **TERRA CARTA SEAL**, recognizing companies for their industry leadership in climate action and sustainability. The Prince of Wales' Sustainable Markets Initiative encourages businesses to include climate action in their business goals.
- Cummins in 2021 received the **FROST & SULLIVAN INSTITUTE'S ENLIGHTENED LEADERSHIP BEST PRACTICES RECOGNITION** for addressing global priorities such as climate change and racial equity while securing sustainable growth.
- The company in 2021 was awarded a **SILVER MEDAL FOR SUSTAINABILITY ACHIEVEMENT BY ECOVADIS**, one of the world's largest providers of business sustainability ratings.
- Cummins in 2021 received **SUSTAINALYTICS' 2021 INDUSTRY TOP RATED BADGE** for high performers among the thousands of companies the group reviews. Sustainalytics is a global leader in environmental, social and governance research and ratings.

## SOCIAL

- The company was named to **FORBES' 2022 BEST COMPANIES FOR DIVERSITY** list prepared by the magazine and Statista. Cummins ranked No. 4 in the review based on workforce and board diversity and a survey of employees with workforces of at least 1,000 employees. The company was No. 41 on Forbes and Statista's 2021 list.
- Cummins received a perfect score in the Human Rights Campaign Foundation's **CORPORATE EQUALITY INDEX**. As a top rated 2022 participant, the company was also named a **2022 BEST PLACE TO WORK FOR LGBTQ+ EQUALITY**. Cummins has received a perfect score in every index since 2005. The Human Rights Campaign is the world's leading advocate for LGBTQ+ people.
- The company was named in 2021 to **NEWSWEEK'S 2022 LIST OF THE MOST RESPONSIBLE COMPANIES**, finishing No. 77 in the ranking based on publicly available data on environmental, social and governance metrics.
- Cummins was named a **2021 DISABILITY EQUALITY INDEX BEST PLACES TO WORK** by the American Association of People with Disabilities and Disability:IN, the leading nonprofit resource for business disability inclusion worldwide.
- Cummins was named No. 77 on **3BL MEDIA'S 2022 100 BEST CORPORATE CITIZENS** list, which evaluates companies on their performance addressing the environment, financial matters, governance, human rights and other matters.

## GOVERNANCE AND FINANCIAL

- Cummins was named to **ETHISPHERE'S 2022 WORLD'S MOST ETHICAL COMPANIES** list, the 15th consecutive year the company has been honored by the global leader in defining and advancing the standards for ethical business practices.
- The company finished in the top 100 of the **WALL STREET JOURNAL'S 2021 MANAGEMENT TOP 250**, finishing in a three-way tie for No. 79. The ranking is based on the principles of Peter F. Drucker (1909-2005), a management consultant, educator and author, who wrote a monthly column at the newspaper for some two decades.
- Cummins was named to **BARRON'S 2022 LIST OF AMERICA'S MOST SUSTAINABLE COMPANIES**, finishing No. 47 on the list based on more than 200 environmental, social and governance issues. In 2021, the company was No. 84 of the magazine's list.

HISTORY //

# FUTURE FOCUSED

**For more than 100 years Cummins has been at the forefront of new ideas. Here's a brief look at the company's remarkable history.**



**1937**

Cummins earns its first profit.

**1934**

J. Irwin Miller, great-nephew of W.G. Irwin, becomes general manager of Cummins at the age of 24.

**1962**



Cummins begins operations in India, first as a joint venture with one plant in Pune. Today, the company owns all or part of 20 manufacturing facilities in the country and employs nearly 14,000 people.

**1951**

Miller becomes Chairman of the Cummins Board.

**1972**

Miller lays out his thinking on Corporate Responsibility in Cummins' 1972 Annual Report.

**"While some still argue that business has no social responsibility, we believe that our survival in the very long run is as dependent upon responsible citizenship in our communities and in the society as it is on responsible technological, financial and production performance."**



**2019**

Cummins celebrates 100 years in business.

Cummins unveils PLANET 2050 strategy to further reduce its carbon footprint and address climate change.



**2021**

Cummins announces it will build one of the largest electrolyzer manufacturing plants in Spain and partner on major hydrogen production projects in Spain and Portugal.



Clessie Cummins creates the Cummins Engine Company based in Columbus, Indiana (U.S.). William G. Irwin, who employed Cummins as a driver, supplies nearly all of the \$50,000 in startup capital.



**1919**

Cummins takes Irwin for a ride in a used Packard limousine that he equipped with a diesel engine on Christmas Day, convincing Irwin of the engine's potential. Irwin invests a much-needed infusion of cash.

**1929**

Cummins barnstorms across the country, demonstrating the power and fuel efficiency of the diesel engine in his Coast to Coast Cummins Diesel Test Bus.



**1932**



Miller becomes Executive Vice President of Cummins.

**1944**

Cummins enters China as part of a deal involving heavy construction equipment with Cummins engines.



**1975**

Miller helps Dr. Martin Luther King, Jr. with some of the organizing behind the 1963 March on Washington. Miller was acting as leader of the National Council of Churches.

**1963**

Cummins purchases 86% of the Onan Corporation in suburban Minneapolis, Minnesota (U.S.), which would become the basis for its Power Systems Business.

**1986**

Miller retires as Chairman of the Board, although he remains active with the company until his death in 2004.

**1977**

President and Chief Operating Officer Tom Solso succeeds Tim Soles as Chairman and CEO on Jan. 1.

**2012**

Cummins establishes its Electrified Power business segment, renaming it New Power in 2019 to reflect investments in hydrogen generation and hydrogen fuel cells.



**2018**

A global pandemic closes most Cummins locations for at least several weeks, but the company learns to safely reopen and support customers performing essential work.



**2020**



# ENVIRONMENT

Cummins is committed to reducing its carbon footprint and doing more to use less of the world's natural resources. The company is also committed to acting with transparency.

## WHAT'S INSIDE:

ENVIRONMENTAL PROGRESS .....	19
PARTNERSHIPS AND ADVOCACY .....	32



# 2030 GOAL UPDATE

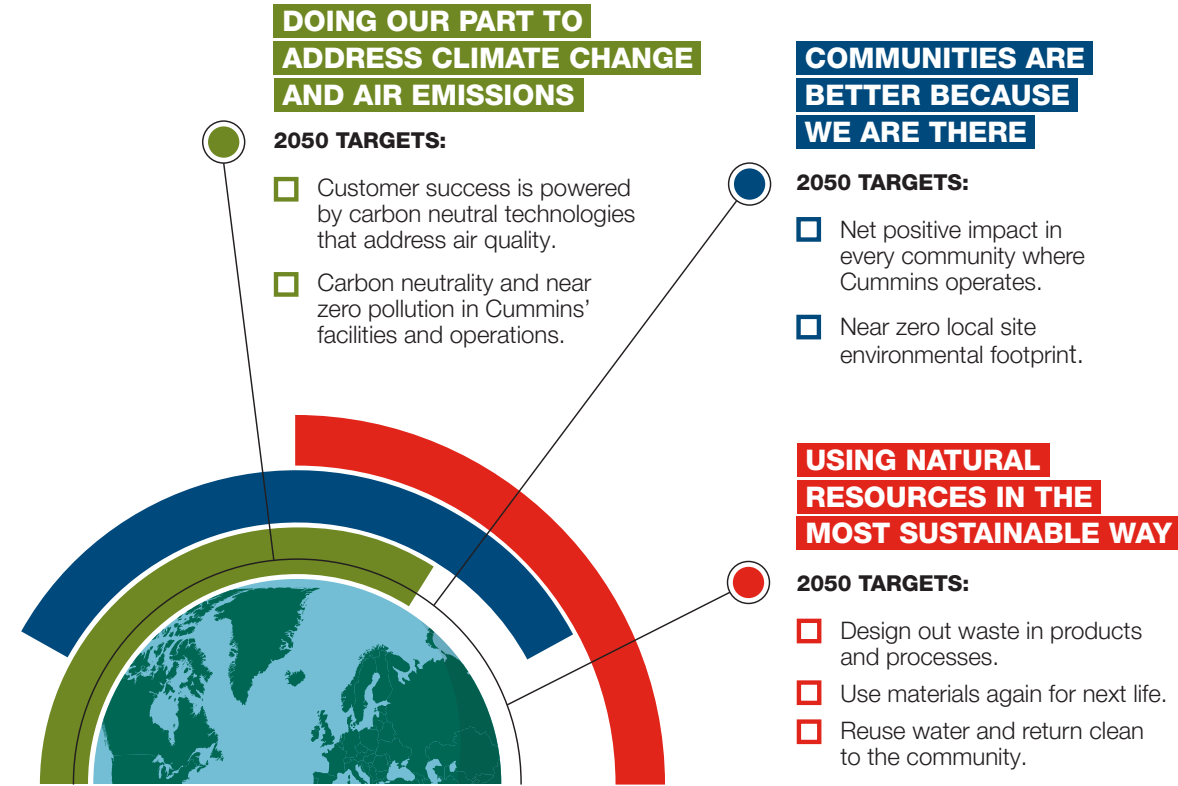
More than 3,000 businesses and financial institutions, including Cummins, are working with the Science Based Target initiative (SBTi) to reduce their emissions in line with climate science.

Following the Paris Climate Agreement in 2015, organizations including the United Nations Global Compact, the CDP (formerly the Carbon Disclosure Project), the World Wildlife Fund and the World Resources Institute partnered to develop the SBTi to set science-based emissions reduction targets.

In 2017, Cummins pledged to develop targets within the SBTi framework. In 2019, the company announced two goals aligned to the framework—one for newly sold products and the other for facilities and operations. The facilities and operations goal is specifically tied to keeping global warming to a 1.5° C temperature increase over pre-industrial levels while the newly sold products goal is aligned to a 1.5° C to 2° C range.

Cummins also set seven other 2030 goals as part of **PLANET 2050**, the company's environmental sustainability strategy. This is Cummins' first progress report on them.

## CUMMINS' 2050 ASPIRATIONAL TARGETS



**NOTE: Company facilities include all consolidated operations and joint ventures that are part of the Cummins Enterprise Environmental Management System.**

## NINE 2030 GOALS

SCIENCE-BASED TARGETS	1. Reduce absolute greenhouse gas (GHG) emissions from facilities and operations by 50%.
	2. Reduce Scope 3 absolute lifetime GHG emissions from newly sold products by 25%.
	3. Partner with customers to reduce Scope 3 GHG emissions from products in the field by 55 million metric tons.
	4. Reduce emissions of volatile organic compounds from paint and coating operations by 50%.
CIRCULAR ECONOMY	5. Create a circular lifecycle plan for every part to use less, use better, use again.
	6. Generate 25% less waste in facilities and operations as a percent of revenue.
	7. Reuse or responsibly recycle 100% of packaging plastics and eliminate single-use plastics in dining facilities, at employee events and as amenities.
	8. Reduce absolute water consumption in facilities and operations by 30%.
	9. Produce net water benefits that exceed Cummins' annual water use in all Cummins regions.

**GOAL 1:**  
 Reduce absolute greenhouse gas emissions from facilities and operations by 50% by 2030.



Crews install a solar array at the company's engine plant in Rocky Mount, North Carolina (U.S.). When complete in 2022 it will be the second largest array at a Cummins facility.

## CUMMINS OFF TO GOOD START IN REACHING FACILITIES' GHG GOAL

In 2021, Cummins began to see a return to something closer to normal operations after the company's low point for energy use in 2020, due primarily to the COVID-19 pandemic.

The PLANET 2050 goal for 2030 shifted from the company's 2020 goal based on an energy intensity measure to an absolute greenhouse gas (GHG) reduction. While business growth in 2021 in some markets increased absolute energy use, GHG emissions overall for Cummins declined.

From the goal's baseline year of 2018 to 2021, GHGs decreased by 277,000 metric tons, equivalent to a 31% reduction from the baseline. The reduction can be attributed to several factors:

- Completion of India solar projects and a virtual power purchase agreement with an Indiana windfarm.
- LED lighting and compressed air efficiency projects across the company.
- The impact of the pandemic on energy use.

Normal operations were in place at most manufacturing facilities in 2021, but some offices remained closed where employees could do their jobs working from home.

In 2021, Cummins completed more than 155 projects reducing GHGs, investing approximately \$20 million. As a result, the company achieved GHG savings of 22,495 metric tons of CO<sub>2</sub>e (carbon dioxide equivalent).

Thirty percent of the GHG reductions can be attributed to solar projects in India and Australia. Several facilities made equipment upgrades to chillers, boilers, and air conditioning units. Although most large sites have converted to LED lighting, lighting still contributes to GHG reductions, representing 15% of the 2021 GHG savings.

### GHG REDUCTION PROGRESS



This table looks at the company's progress toward the 2030 goal of reducing GHGs by 50% at company facilities in thousands of metric tons of CO<sub>2</sub>e.

YEAR	SCOPE 1 GHG EMISSIONS	SCOPE 2 GHG EMISSIONS	TOTAL GHG EMISSIONS	% REDUCTION FROM BASELINE
2018	308	581	889	Baseline
2019	303	386	689	23%
2020	258	336	594	33%
2021	269	343	612	31%
<b>2030 GOAL</b>				<b>50%</b>

**NOTE:** Goal calculation uses market-based Scope 2 emissions.

### GREENHOUSE GAS IS GROUPED INTO THREE GROUPS OR SCOPES

**SCOPE 1:** Includes direct emissions from the use of fuel for stationary and mobile applications, fugitive and refrigerant emissions.

**SCOPE 2:** Includes indirect emissions from the generation of purchased electricity and steam.

**SCOPE 3:** Includes all other indirect emissions that occur in a company's value chain.

**GOAL 2:**

**Reduce Scope 3 absolute lifetime GHG emissions from newly sold products by 25%.**

**CUMMINS SETS STAGE TO REDUCE GHG EMISSIONS FROM NEWLY SOLD PRODUCTS**

Cummins has many exciting improvements planned for the company’s core products aligned to PLANET 2050 and Destination Zero, including the **Unified Product Platform**. The impact of these initiatives, however, is a few years away, and mass adoption of Cummins’ low- and no-carbon platforms is just beginning to build.

It is perhaps not surprising, then, that lifetime greenhouse gas (GHG) emissions from newly sold products in 2021 were essentially flat compared to the goal’s baseline year of 2018. Cummins’ commitment, though, is clear as leaders say the drive to reduce carbon emissions is a growth opportunity for the company.

The scope for Cummins products’ science-based target includes GHG emissions generated during the use phase throughout the

product’s estimated lifetime. The goal does not include full lifecycle or well-to-wheel considerations. Cummins used sector decarbonization data provided by the Science Based Targets initiative (SBTi) and applied it to the company’s existing lifetime emissions model.

While initiatives are underway to reduce the carbon produced by Cummins’ products (see **Innovation** section on page 65), the company has said since announcing this goal it will require working with its stakeholders to achieve significant carbon reductions. Key enablers for reaching the goal include:

- Strong regulatory support for GHG reductions.
- Continued machine and powertrain efficiency improvements.
- Broader availability of lower carbon fuels.
- Advancements in new technology powertrains.
- Market adoption of new technology powertrains.
- Customer and industry partnerships to reduce carbon.

Cummins is committed to taking a leadership role in the effort to reduce carbon, working with others to achieve the world’s climate goals.

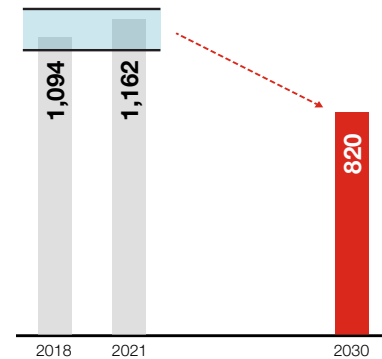
**PROGRESS ON GOAL TO REDUCE LIFETIME EMISSIONS**



This chart looks at lifetime emissions from newly sold products.

**LIFETIME EMISSIONS FROM NEWLY SOLD PRODUCTS**

(million metric tons of CO<sub>2</sub>e)



*This graphic is based on a number of estimates, assumptions and projections, ranging from product mix and volumes to the carbon intensity of fuels used as well as end customer duty cycles and real world fuel economy. Assumptions also include how customers will use company products over their lifetime.*

*This uncertainty is illustrated by the blue bar on top of each column showing a range of potential outcomes. Cummins may revise these projections as better tools and information become available.*

**INCLUDED:**

- » Cummins custodial plant volumes
- » Consolidated and non-consolidated JV volumes

**EXCLUDED:**

- » Generators powered by outsourced engines
- » Remanufactured products’ emissions

**ABOUT CARBON MODELING**

Cummins is fully committed to transparency in its goal reporting and has provided its calculation assumptions for lifetime emissions through various reporting frameworks.

Since the company first reported an estimate for the lifetime emissions of its products in 2015, Cummins has been able to identify and leverage increasingly sophisticated tools and data for carbon modeling.

The company will continue to update its GHG accounting methods to the best available information and practices and communicate sources of known or potential uncertainty. That may result in changes to its baseline or prior years’ emissions. For example, 2018 baseline year emissions have been revised since initially set with the SBTi.

In addition, Cummins intends to reassess its goal as encouraged by the SBTi within the five-year recommended timeframe.

**GOAL 3:**

*Partner with customers to reduce Scope 3 GHG emissions by 55 million metric tons of carbon dioxide (CO<sub>2</sub>).*

**CUMMINS ON PACE TO ACHIEVE EMISSION REDUCTION GOAL PARTNERING WITH CUSTOMERS**

From optimizing products for specific market segments, to the use of sophisticated digital tools to assist in the truck specification process, to the ability to customize electronic engine settings and parameters, Cummins helps customers reduce their carbon footprint throughout the life of the company’s products.

Since first surpassing the company’s 2020 goal in 2018, Cummins has continued partnering with customers to implement fuel savings projects and is on track to exceed its 2030 goal. In 2021, an additional 50 customer projects were completed, bringing the cumulative total since 2014 to 700.

The PLANET 2050 goal is now formally expressed as a cumulative carbon dioxide (CO<sub>2</sub>) reduction since a baseline year of 2014, rather than the annual run rate achieved.

Cummins and its customer partnerships achieved big gains in the early years of this initiative as projects with high returns were identified and completed. As products have become more and more efficient, Cummins is now tackling increasingly complex projects to achieve fuel economy savings, including route optimization and the introduction of lower emissions fuels.

Customers continue to show interest and dedication to improving their product environmental footprint, and Cummins is dedicated to continuing to partner to help customers achieve their sustainability goals.

**PROGRESS ON GOAL PARTNERING WITH CUSTOMERS TO REDUCE EMISSIONS**



This table looks at progress on Cummins’ goal to partner with customers to reduce Scope 3 emissions from products in the field.

YEAR	CUMULATIVE EMISSION REDUCTION <i>(in metric tons of CO<sub>2</sub>)</i>
2014	Baseline
2015	2.3 million
2016	5.2 million
2017	8.6 million
2018	12.9 million
2019	17.4 million
2020	22.1 million
2021	26.8 million
<b>2030 GOAL</b>	<b>55 million</b>

**DOING OUR PART BY THE NUMBERS**

**9 BILLION**

Customer savings in dollars from products in use fuel economy projects since environmental sustainability goals were established in 2014. Projects with customers also saved 3 billion gallons of fuel and avoided 27 million metric tons of CO<sub>2</sub>.



**GOAL 4:**

*Reduce emissions of volatile organic compounds from paint and coating operations by 50%.*

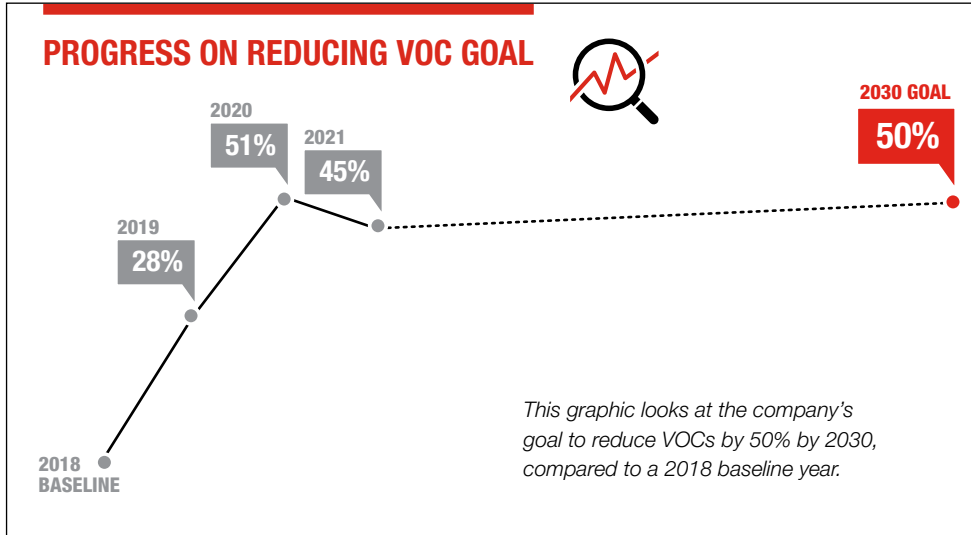
***EFFORT TO CLEAR THE AIR STARTS STRONG***

Addressing air pollution is a top environmental priority for Cummins products as well as the company's facilities and operations.

Volatile organic compounds (VOCs) are a key component in the formation of smog, and VOC emissions are highly regulated in many of the countries where Cummins operates.

Painting and coating processes at company facilities account for 73% of the VOC emissions from Cummins facilities, with the rest from combustion of fossil fuels.

Cummins has a mix of sites using solvent- and water-based paints and resins. Some sites have transitioned to water-based materials and/or installed air emission abatement systems to comply with stringent local regulations to reduce their VOC footprint.



Even with the rebound of production volumes in 2021, the resulting reductions and data show that the company achieved a 45% VOC emission reduction at the end of 2021.

To drive further improvements and focus on actions reducing VOCs at the source, the company launched a project in 2021 focused on sites with elevated emissions to understand the complexities and options to reduce emissions and create a roadmap supporting a global deployment plan for the future.

**DOING OUR PART BY THE NUMBERS**

**155**

Number of facility greenhouse gas (GHG) reduction projects in 2021.

**DESTINATION ZERO AND PLANET 2050**

In January of 2022, Cummins publicly unveiled Destination Zero, the company's strategy for decarbonization.

Destination Zero builds on the **PLANET 2050** environmental sustainability strategy, providing a road map of sorts to achieving PLANET 2050's aspirational target of powering customer success with net-zero emissions technology by 2050.

The Destination Zero strategy calls for investing and advancing zero-emission technologies for those customers who are ready today, while providing those who aren't, either because of economic concerns, concerns about infrastructure, or other reasons the chance to achieve critical carbon reductions using the company's core technologies.

Cummins believes making carbon reductions as quickly as possible is critical to achieve the world's climate goals.

Destination Zero is also a bottom-line strategy in that Cummins sees carbon reduction as a growth opportunity for the company. You can see how decarbonization drives innovation at Cummins in the **Innovation** section (page 65) of this report. More on **Destination Zero** is available on a public-facing website on cummins.com.

**GOAL 5:**

*Create a circular lifecycle plan for every part to use less, use better, use again.*



**COMPANY BUILDS FOUNDATION TO MEET LIFECYCLE PLANNING GOAL**

As Cummins looks toward its 2050 aspirational target of nothing wasted, the company knows it will require a shift in how Cummins thinks about materials and waste.

Wasting nothing is also about being even more vigilant in using materials at their highest value for as long as possible.

The goal is ultimately about waste minimization through material efficiency and reducing the company's use of natural resources by design, from the raw materials

*Cummins Materials Science function can provide important insight into the best materials for a particular part.*

Cummins uses to how they are processed, to ensuring raw materials can be used again for another life.

Leaders hope the goal will optimize Cummins' resource use, as well as enable the company's low-carbon transformation, while continuing to power customer success and maintain the economic benefits society depends on.

Cummins in 2021 began laying the foundation for meeting its goal of a lifecycle plan for every part, achieving two important steps the company can build on moving forward.

In addition to building support for the goal and establishing the employee committees to lead the effort, Cummins established a Circular Lifecycle Design Standard. Design standards serve as a roadmap for engineers as they put together part designs.

The new standard includes steps like review by the Materials Science function to ensure a part uses the most appropriate materials and processing.

The second major step was creating an optimization center with the powerful software engineers need to determine such things as where strength and durability are important in a design and where parts may be able to use less material without compromising performance.

The standard and optimization center were critical to get in place before the company begins reporting on its overall progress toward meeting the goal.

**DOING OUR PART BY THE NUMBERS**

**400 MILLION**

Metric tons of carbon dioxide (CO<sub>2</sub>) that will be avoided if Cummins meets all of its 2030 goals.

**GOAL 6:**

*Generate 25% less waste in facilities and operations as a percent of revenue.*

**CUMMINS MAKES PROGRESS ON WASTE REDUCTION GOAL**

In its 2030 goals, Cummins is shifting focus from the company’s 2020 goal around recycling waste to producing less waste in the first place.

Cummins has examined the company’s processes and practices to identify and implement immediate changes as well as transformational projects to achieve both its 2030 waste reduction goal and the company’s 2050 aspiration to use natural resources in the most sustainable way.

In 2021, Cummins achieved a 4.1% waste reduction as a percent of revenue from the company’s 2018 baseline and an absolute generation reduction of 3%. Metal scrap decreased by 20 million pounds (a 8% absolute reduction), general refuse declined by 8 million pounds (a 15% absolute reduction).

However, Cummins saw packaging waste increase by 3.3 million pounds, a 2% absolute increase. Process-derived waste increased by 7 million pounds, a 10% absolute increase, and e-waste increased by 1.6 million, 3.75 times larger than 2018.

The company has launched initiatives to reduce packaging waste, process-derived waste (such as used oil, coolants, paints and solvents) and general refuse.

In 2021, the company reduced general waste by 15% from 2018. This reduction is mainly attributed to closures of most office spaces and cafeterias due to the pandemic.

Cummins’ packaging strategy has laid out an important path to achieving the company’s goals and aspirations.

In 2022 alone, global packaging waste reduction projects are expected to reduce 1.3 million pounds of waste while providing a cost avoidance of \$3 million. Cummins will achieve this through intercompany reuse of expendable packaging, implementing returnable solutions for engine blocks, battery packs and other prioritized parts; expanding leased and supplier owned returnable packaging in India and China;

and by deploying modular engine skids for customer shipments.

Looking ahead, Cummins’ Returnable Packaging Management Program has significant investments planned over the next five years in returnable packaging, tracking software, third party logistics, packaging services, warehousing, and more.

These improvements will be instrumental to achieving 78 million pounds of packaging waste reduction, helping the company achieve its overall 2030 waste reduction goal.

**DOING OUR PART BY THE NUMBERS**

**20 MILLION**

Reduction in metal scrap in pounds achieved by Cummins in 2021, an absolute reduction of 8%.

**PROGRESS ON GOAL TO REDUCE WASTE**



This table looks at total Cummins waste as a percentage of revenue.

YEAR	WASTE REDUCTION (% intensity change)
2018	Baseline
2019	1.9%
2020	2.6%
2021	4.1%
<b>2030 GOAL</b>	<b>25%</b>



**GOAL 7:**

***Reuse or responsibly recycle 100% of packaging plastics and eliminate single-use plastics in dining facilities, at employee events and as amenities.***

***MORE WORK NEEDED BEFORE PROGRESS CAN BE MEASURED ON PLASTICS GOAL***

This 2030 goal is still largely in the planning phase. Opportunities for progress have been identified, but more work is necessary before metrics are available to measure progress.

A key action under discussion is the use of universally recyclable packaging content and eliminating problematic materials such as foam and mixed material packaging. This step, however, requires partnering with suppliers on design and material selection and is a longer-term effort.

The single-use plastics part of the goal has been limited in its progress during the pandemic, as many employees had not yet returned to their work locations in 2021 and the focus of site facility staff was on pandemic protocols.



***NEAR NET ZERO LOGISTICS CENTER OPENS IN U.K***

A new Cummins logistics hub in Daventry, U.K., is being praised for its energy efficiency.

The company's United Kingdom Logistics Centre (UKLC), which opened in 2021, has been given a BREEAM Outstanding rating, a sustainability assessment ranking the facility in the top 1% of non-domestic buildings in the U.K.

The UKLC is designed to be self-powered for half of the year, utilizing photo-voltaic solar panels on its roof capable of generating up to 1,472 kilowatts (kWp) and a Cummins QSK60G gas generator set in a standby application.



Other environmentally focused features include the site's ability to harvest rainwater and available electric vehicle charging stations for employees. The project also supported local businesses, using suppliers from within a 15-mile radius throughout construction.

The developer offset the embodied carbon during the construction phase by participating in an effort to safeguard approximately 330 acres of rainforest.



**GOAL 8:**

*Reduce absolute water consumption in facilities and operations by 30%.*

**CHALLENGING WATER GOAL PROMISES TO TEST COMPANY CREATIVITY**

Cummins’ PLANET 2050 water use goal is an absolute reduction of 30% by 2030, compared with the company’s 2020 goal, which was a reduction in water use intensity (water use adjusted by hours worked).

In 2021, the company’s water use was 838 million gallons, a 12.7% reduction from the 2030 goal’s baseline year of 2018, but up 8.5% from 2020. Cummins used 960 million gallons of water in 2018, so a 30% reduction means reaching a consumption target of about 672 million gallons annually by 2030, even if the company grows.

The 2030 goal is 100 million gallons below what the company consumed in 2020, when many Cummins facilities closed for significant time periods to help prevent the spread of COVID-19. Achieving that kind of reduction under more normal conditions will be a challenge.

Cummins will continue to reduce water use through low- and no-cost efforts, notably fixing leaks and optimizing processes, and working to eliminate water use in them if possible.

Finding alternative water sources or reusing water could include actions such as reuse of water from testing fire sprinklers and harvesting rainwater. The company has established some guidelines such as using treated wastewater whenever possible and utilizing fresh water for processes only after all other conservation options have been explored. Sites in water-stressed regions are working toward 100% wastewater reuse, including for irrigation.

Cummins is moving away from water-intensive landscaping, using native grasses and other techniques more frequently in its landscaping as well as designs that keep rainwater on site rather than channel it to storm sewers.

Efforts to meet the goal also include capital projects, primarily equipment efficiency upgrades and other high-impact projects such as single-pass cooling elimination, additional regenerative dynamometer installations to capture water used to cool test engines, and innovative wastewater reuse projects.

Cummins is already conserving millions of gallons of water through three relatively new on-site treatment systems at the Jamestown Engine Plant in Jamestown, New York; the Rocky Mount Engine Plant in Rocky Mount, North Carolina; and the Kothrud Engine Plant in Pune, India—three of the company’s largest plants.

These multi-faceted systems are designed to treat water used at each location and return a significant amount to the plants for non-potable re-use.

**WATER GOAL PROGRESS**



This table looks at water use in comparison to the goal’s 2018 baseline

YEAR	WATER WITHDRAWN <i>(in gallons)</i>	PERCENTAGE REDUCTION <i>(from 2018)</i>
2018	960 million	Baseline
2019	895 million	6.7%
2020	772 million	19.5%
2021	838 million	12.7%
<b>2030 GOAL</b>	<b>672 million</b>	<b>30%</b>

**DOING OUR PART BY THE NUMBERS**

**672**

Consumption target in millions of gallons of water use per year to reach 2030 reduction goal of 30%.

**PARTNERING ON WATER**

Cummins is part of several partnerships working to address the world’s water issues.

The company joined the CEO Water Mandate, an extension of the United Nations’ Global Compact, in November 2019, and the related Water Resilience Coalition in 2021.

Companies joining the coalition pledge to make the necessary investments in their own operations, as well as work together, to accomplish three goals by 2050:

- A net positive impact in water-stressed areas.
- Water resilience practices across a company’s value chain.
- Collaboration to achieve water resilience.

**GOAL 9:**

*Produce net water benefits that exceed Cummins' annual water use in all Cummins regions.*

**COMMUNITY ENGAGEMENT GOAL MOVING FULL STEAM AHEAD**

Cummins has long helped strengthen communities through its environmental volunteerism, engaging in numerous initiatives, from working with residents to safely preserve rainwater in impoverished neighborhoods outside São Paulo, Brazil, to helping villages establish sustainable water supplies near the company's campus in Phaltan, India.

In July of 2021, Cummins launched a new strategic initiative called Cummins Water Works to address the global water crisis. The program partners with leading water experts around the world to invest and engage in sustainable, large-scale, high impact water projects.

The initiative is a major step forward toward PLANET 2050's goal to produce net water benefits that exceed Cummins' annual water use in all regions where the company does business.

The program, supported by \$8.5 million in Cummins grants, is initially focusing on four of the most water-stressed countries: Mexico, Brazil, India and the United States. By 2030, Cummins Water Works' goal is to bring fresh water to more than 20 million people who would otherwise not have access to it.

The program team quickly got to work, announcing on World Water Day (March 22, 2022) a \$3 million, three-year grant to The Nature Conservancy to improve water quality in the Mississippi River basin in the United States.

The Nature Conservancy's goal is to reduce nutrient loading in the river basin by 20% by 2025. The basin includes Cummins' headquarters city of Columbus, Indiana.

Cummins Water Works' partnership with The Nature Conservancy is just one initiative the program has developed. To learn more, see the story ([page 41](#)) in the Community Engagement section.

**DOING OUR PART BY THE NUMBERS**

**8.5 MILLION**

Cummins' support in dollars for the Cummins Water Works initiative.

**PLANET 2050 TAPS INTO ENVIRONMENTAL CHAMPIONS PROGRAM**

**Cummins is more fully integrating the company's PLANET 2050 strategy and 2030 environmental sustainability goals into its Environmental Champions' training.**

The Environmental Champions program at Cummins trains employees across the company to identify practices and processes that could be improved to shrink Cummins' environmental footprint.

Energy, greenhouse gas, water, waste/circular economy and environmental management system basics are included in the in-person champions' training as well as the training delivered virtually.

The online training modules are now available for all employees and are a prerequisite to attend Environmental Champions' training. A total of 359 employees completed online training in 2021 and 192 employees from 81 priority sites attended a live, virtual site-level training.



# THE PATH TO CUMMINS' 2030 GHG GOALS

Achieving Cummins' 2030 energy and greenhouse gas (GHG) reduction goals will require action across the company. Each circle pictured (at right) is proportional to the energy and GHG savings it will need to achieve.

Here's a description of what each facet will contribute:

**OFFSITE RENEWABLE ENERGY:** Provide renewable electricity through offsite power purchases such as the current agreement with a northwestern Indiana windfarm.

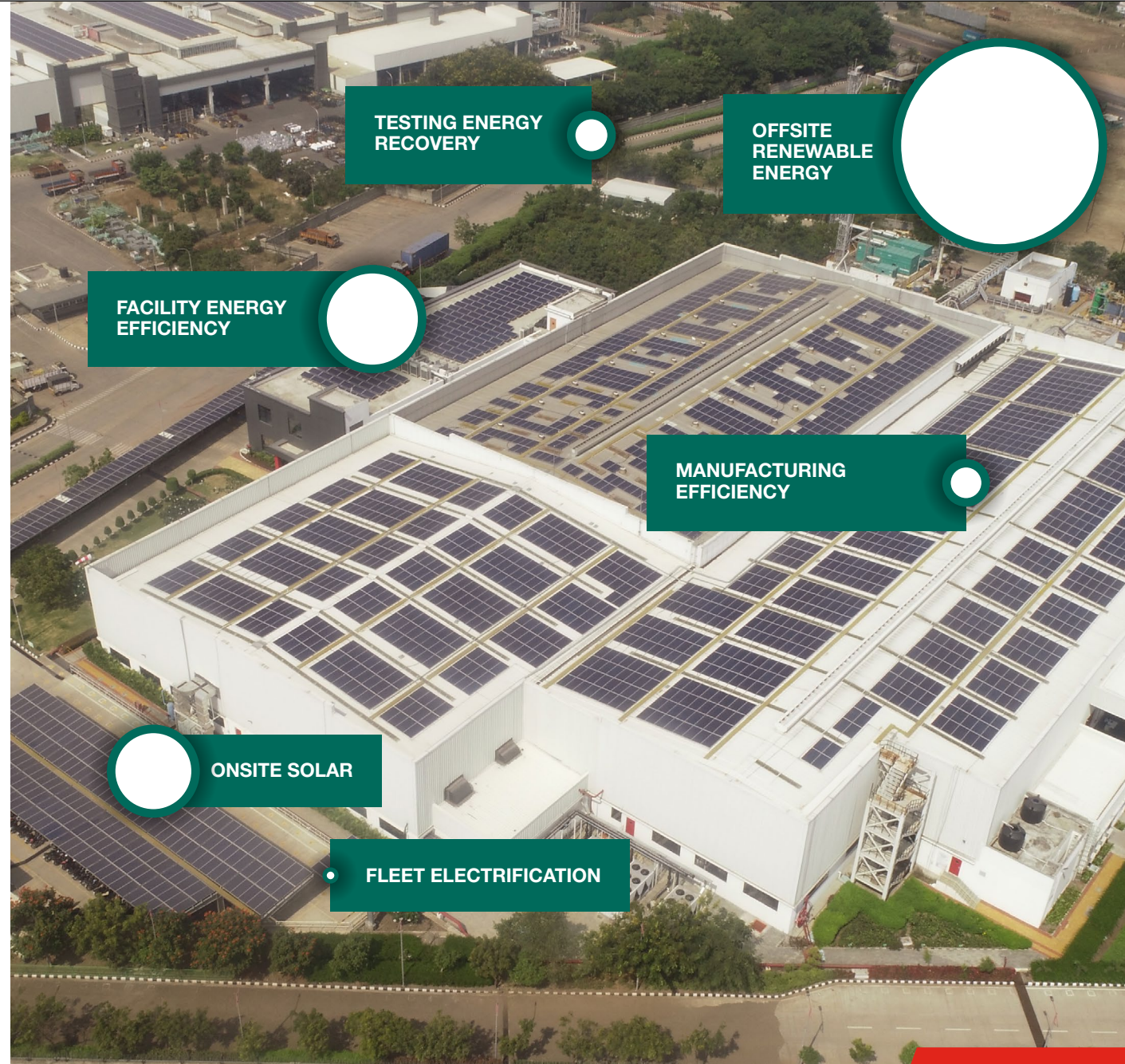
**FACILITY ENERGY EFFICIENCY:** Equipment upgrades, building envelope improvements, integrating PLANET 2050 into new construction standards, improved environmental monitoring.

**SOLAR ENERGY:** Incorporate more renewable energy through onsite solar systems, both solar PV and solar thermal heating.

**TESTING ENERGY RECOVERY:** Additional use of regenerative dynamometers and heat energy for building and process uses, storage and microgrids in conjunction with onsite solar to get the most out of reusing the energy generated onsite. Become more efficient using fuel for production and research as well as development testing.

**MANUFACTURING EFFICIENCY:** Advanced manufacturing and existing site process transformations, upgraded equipment, reducing or eliminating compressed air use, focus on legacy equipment.

**FLEET ELECTRIFICATION:** Upgrade vehicle fleet electrification, onsite electrification for maintenance and terminal trucks.







## ENVIRONMENTAL PROGRESS //

# SOLAR PLAYS KEY ROLE IN PATH TO 2030 GOALS

**After a record year for solar projects at Cummins in 2021, 2022 promises to be almost as busy as the company continues adding renewable, low-carbon solar power to its energy mix for plants and facilities.**

The company worked on 20 solar projects in 2021, ranging from a relatively modest 36-kilowatt peak (kWp) array that was phase 2 of a project at the Cummins Generator Technologies facility in Ahmednagar, India; to a 1,472 kWp installation atop the new U.K. Logistics Centre in Daventry, U.K.; to a 3,600 kWp array at the Rocky Mount Engine Plant in Rocky Mount, North Carolina (U.S.).

When completed in 2022, the Rocky Mount solar array will be the second largest at Cummins, behind only the combined power of the 3,600 and 3,300 kWp installations atop two buildings that make up the Beijing Foton Cummins Engine Company campus in Beijing, China.

*The solar array at the company's engine plant in Rocky Mount, North Carolina (U.S.) is expected to come on line in 2022.*

India has been a point of emphasis in recent years for Cummins' solar efforts with 20 installations since 2018 that together have a maximum potential output of 11-megawatts peak (MWp). The largest project in the country was a 1,250 kWp array during phase 2 of a solar initiative at the Kothrud Engine Plant in Pune, India. The total solar capacity at the plant is now 2,800 kWp, the largest installation in India.

Cummins currently has plans for another 18 solar projects in 2022, with a special emphasis on China and the United States as the company's efforts move forward. Solar will play a major role in meeting Cummins' PLANET 2050 environmental goals. There have been significant technical improvements and price reductions that make it increasingly attractive as a low-carbon energy source.



## WIND PROJECT ADDS RENEWABLE ENERGY TO GRID

Cummins continues to participate in a Virtual Power Purchase Agreement (VPPA) to support the expansion of a northwest Indiana wind farm.

The 2017 agreement helped the Meadow Lake Wind Farm expand by guaranteeing a fixed price for its power. The expansion was completed in 2018 and began sending renewable energy to the grid in December of that year.

Cummins' share of the expansion was 75 megawatts of capacity. While none of the power generated goes directly to a Cummins' facility, it essentially offsets all of the electricity used from traditional sources at company facilities across the state with renewable electricity.

Cummins' science based facilities-and-operations goal for greenhouse gas is calculated using market-based Scope 2 emissions, which include the impact of the VPPA.

# CUMMINS ENVIRONMENTAL PERFORMANCE



**Cummins has developed a new set of metrics around the company's 2030 goals included in PLANET 2050.**

The new goals and metrics build on Cummins' 2020 goals. While the company did not achieve every 2020 goal, they drove significant benefits.

The company achieved four of its seven principal 2020 goals, established as part of Cummins' first sustainability plan in 2014:

- Cummins reached a 53% reduction in water use adjusted by hours worked in 2020. The goal was a 50% reduction.
- The company worked with customers to exceed the Cummins' goal of a run-rate reduction of 3.5 million metric tons of carbon dioxide from the company's products in use, achieving a 4.9 million reduction in 2020.
- Thirty-five Cummins locations achieved the company's definition of Zero Disposal sites—five above the goal of 30.

- Sixteen Cummins sites achieved the company's definition of Water Neutrality. Cummins' goal was 15.

Meanwhile, the company narrowly missed two goals. Cummins recorded a 93% recycling rate while the 2020 goal was 95%. The company was within a percentage point of reaching Cummins' goal of a 32% reduction in energy use adjusted by hours worked and then fell back to a 27% cut in 2020, in part because of the pandemic.

Company leaders say setting aggressive goals is important to achieve environmental progress.

ENVIRONMENTAL PERFORMANCE	2018	2019	2020	2021
<b>ENERGY/EMISSIONS</b>				
Energy consumption – Scope 1 (thousands of MMBtu)	3,763	3,748	3,254	3,386
Energy consumption – Scope 2 (thousands of MMBtu)	10,769	10,295	9,418	10,278
GHG emissions – Scope 1 (thousands of metric tons CO <sub>2</sub> e)	308	303	258	269
GHG emissions – Scope 2 location based (thousands of metric tons CO <sub>2</sub> e)	575	504	441	465
GHG emissions – Scope 2 market based (thousands of metric tons of CO <sub>2</sub> e)	581	386	336	343
Energy intensity reduction since 2018 1, 2	0	4	-1	2
GHG intensity reduction since 2018 1,2	0	9	9	13
<b>WASTE</b>				
Generated waste (thousands of metric tons)	232	225	188	224
Disposed waste (thousands of metric tons)	24	21	14	15
Recycled waste (thousands of metric tons)	212	207	176	210
Hazardous waste (thousands of metric tons)	6	7	6	7
<b>WATER</b>				
Water use (millions of gallons)	960	895	772	838
Water intensity reduction since 2018 (%) 1	0	7	7	9
<b>OTHER</b>				
ISO 1401/ISO 45001 certified sites 3	375	363	342	339
ISO 50001 certified sites	36	44	45	45
Net sales (millions U.S. dollars)	23,771	23,571	19,811	24,021

1 Intensity defined as hours worked for energy, GHG and water.

2 Reduction includes consolidated entities only.

3 Includes global Cummins managed facilities and 50:50 joint venture non-managed facilities and transition from 18001 to 45001 in 2019 and 2020.



# THREE KEYS TO CUMMINS' APPROACH TO ENVIRONMENTAL STRATEGY AND COMPLIANCE

Regulatory support, policy advocacy, and effective partnerships all play critical roles in Cummins' approach to environmental strategy and compliance.

Together, they enable the company to achieve four strategic goals:

- The development of responsible regulations.
- A balanced, global regulatory approach.
- Incentives to accelerate progress on the environment.
- Technology development.

Here's a closer look at each area, and how they work together to help Cummins accomplish those goals:

## REGULATORY SUPPORT

Cummins supports tough clear and enforceable regulations. The company expects standards will continue to tighten for nitrogen oxides (NOx), particulate matter (PM), greenhouse gases (GHGs) and other emissions, not just in the United States, but around the world

The company believes the technical knowhow of its employees give Cummins a competitive advantage in meeting tougher regulations, provided they are enforced equally to create a level playing field.

To achieve responsible regulations, the company is committed to working with the U.S. EPA, the California Air Resources Board, China's Ministry of Environment and Ecology, the European Commission and other regulators as they develop new standards.

Cummins work in this area is led by the company's Product Compliance and Regulatory Affairs (PCRA) team. The team was created in 2019 to strengthen Cummins' collaboration with agencies setting emissions regulations and certification processes. PCRA functions independently from, and provides oversight to, the product development teams and business segments at the company. The group's leader reports directly to Cummins' Chairman and CEO and is a member of two of the company's top leadership teams.

Keeping track of global standards is no small task. In 2020, the company certified or maintained more than 125 engine configurations with approximately 17 governing agencies around the world. These certifications represented at least 34 different emissions standards for diesel and natural gas products for on-highway, off-highway, marine and rail applications.

The EPA's GHG and fuel-efficiency regulations were required for all heavy-duty diesel and natural gas engines beginning in January 2014. Cummins' GHG certification was the first engine certificate issued by the agency. Phase 2 of the U.S. GHG-fuel efficiency regulations, passed in 2016, includes separate engine standards. Cummins continues to support this approach.

The company also continues working to reduce levels of NOx and PM in its product emissions both in the U.S. and globally.

## ADVOCATES FOR ACTION

As attention has turned to the world's climate challenges, Cummins has joined with like-minded companies to support climate action.

Ahead of the global climate summit in Glasgow, Scotland (U.K.), in 2021, Cummins joined Business Ambition for 1.5°C, which encourages companies to set robust emission reduction goals for GHGs using science-based targets aligned to the 2015 Paris Climate Accords. By extension, the company also was accepted into the United Nations' Race to Zero campaign, a global



## PARTNERSHIPS AND ADVOCACY //

effort to rally leadership and support from businesses, investors, cities and regions for climate action.

Both groups maintain acting now can address not only global environmental threats, but also create jobs, and unlock sustainable growth. Chairman and CEO Tom Linebarger and Vice President Amy Davis, President of Cummins' New Power business segment, attended COP26 in Scotland as the company brings to market the low- and no-carbon technologies that will be needed to power the future.

Finally, the company joined the CEO Climate Dialogue, a coalition of more than two-dozen businesses and institutions, including leading environmental groups, working together to advance federal climate policy in the United States. Members range from the Ford Motor Co. and Shell to the Environmental Defense Fund.

### PARTNERSHIPS FOR PROGRESS

The CEO Climate Dialogue is one of many partnerships the company engages in as the world begins the transition to a low-carbon economy.

As Cummins becomes more involved in low- and no-carbon hydrogen platforms, these partnerships include the global Hydrogen Council, the U.S. Fuel Cell Hydrogen Energy Association, the California Hydrogen Business Council, the CA Fuel Cell Partnership, Hydrogen Europe and Hydrogen Forward. Linebarger sits on the board of the Hydrogen Council.

Cummins also participates in the EPA's Green Power Partnership and the Renewable Energy Buyer's Association, which promote the use of low-carbon power sources such as wind and solar.

In addition, the company works with groups such as the Diesel Technology Forum, which promotes the importance of clean diesel, and Cummins is a founding member of the Health Effects Institute, which, in partnership with the EPA, provides impartial, high quality scientific findings on air pollution.

Cummins has also worked with the International Council on Clean Transportation, whose mission is to improve the environmental performance of on- and off-highway technologies to benefit public health. In 2021, the company produced 33,124 soot-free engines as part of a key ICCT initiative.

Finally, Cummins is partnering with groups concerned more generally about sustainability, including BSR, a leader in helping its members develop sustainable business strategies.

Cummins' regulatory support, advocacy and its partnerships all inform the way the company's Environmental Strategy and Compliance function carries out its work. This work is critical to the company's efforts to be a leader on environmental sustainability.

## PARTNERSHIPS AND ADVOCACY BY THE NUMBERS

---

**125** *Number of engine configurations certified or maintained by Cummins as it works with regulators around the world.*

---

**3,000+**  
**Businesses and financial institutions working with Business Ambition for 1.5°C, including Cummins.**

---

**33,124**  
*Soot-free engines produced by Cummins in 2021 aligned to the International Council on Clean Transportation's mission to improve the environmental performance of off-highway and on-highway technologies.*

---

**130**  
*Member companies of the global Hydrogen Council as of January 2022, including Cummins, committed to fostering development of the hydrogen economy.*



# ***SOCIAL***

**Social issues ranging from community engagement to the health and safety of employees are key to Cummins' sustainability.**

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## **WHAT'S INSIDE:**

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# ***BUILDING MORE PROSPEROUS COMMUNITIES***

**In 2021, Cummins continued to strengthen its long-standing commitment to improving the communities where the company does business and where its employees live and work.**

Cummins employees and leaders engage in their communities by identifying opportunities that they have a unique ability to address using their knowledge and skills. This work takes many forms, ranging from the company's global strategic program to build technical vocational skills that can lead to well-paying jobs, to Cummins' global initiative to accelerate gender equality for women and girls.

While the pandemic has impacted employee in-person volunteerism, the company has continued its work to strengthen communities.

In 2020, Cummins launched a strategic initiative, Cummins Advocating for Racial Equity ([page 40](#)), to address systemic racism and injustice in the United States through economic empowerment, criminal justice reform, police reform and social justice.

In 2021, the company announced Cummins Water Works, a new strategic environmental program to address the global water crisis in Cummins communities around the world.



*Cummins employees work on an environmental project, one of three global priority areas for the company.*



## COMMUNITY ENGAGEMENT //

The company encourages employees to engage with their communities around three global priorities critical to healthy communities:



### EDUCATION

**Advocating for equitable educational systems and high-quality learning environments.**

High quality education leads to strong social and economic outcomes for students, a skilled workforce for employers and vibrant, prosperous Cummins communities. The company engages in education to ensure equitable education systems and high-quality teaching and learning environments prepare today's students for tomorrow's workforce.

Among many Cummins education initiatives is **Cummins TEC: Technical Education for Communities** (page 38), a global strategic program to build technical vocational skills through school-based, industry-supported skills training leading to living wage jobs.



### EQUALITY OF OPPORTUNITY

**Increasing opportunity and equity for everyone.**

Cummins has a deeply rooted commitment to removing barriers for those who have historically been denied access to opportunity, including racial and ethnic minorities, women, people with disabilities, the economically disadvantaged, immigrants and refugees, and the LGBTQ+ community.

Among many Cummins programs to build opportunity is **Cummins Powers Women** (page 39), a global strategic program to achieve gender equality.



### ENVIRONMENT

**Creating a net positive impact and near zero local environmental footprint.**

Cummins strives to make a net positive environmental impact in its communities through volunteerism and partnerships, so the company has a positive impact greater than its local environmental footprint.

Among many initiatives to achieve Cummins' environmental goals, **Cummins Water Works** (page 41) is a global strategic program to strengthen communities through sustainable water and address the global water crisis.

## COMMUNITY ENGAGEMENT BY THE NUMBERS

# 35.7 MILLION

Record amount in dollars of Cummins community giving in 2021.

# 3 MILLION

People served in 2021 by Cummins community giving.

# 1,200+

Record number of students enrolled in Cummins TEC: Technical Education for Communities in 2021.

# 946,000+

Women advancing in equal rights and opportunity in 17 countries since Cummins Powers Women started in 2018.

# COMMUNITY IMPACT AND GIVING

Cummins is a data-driven company, including the impact of its community engagement programs. The COVID-19 pandemic impacted the company's efforts, but much was accomplished in 2021.

## GOAL ALIGNMENT

Cummins' community engagement initiatives align with these U.N. Sustainable Development Goals:

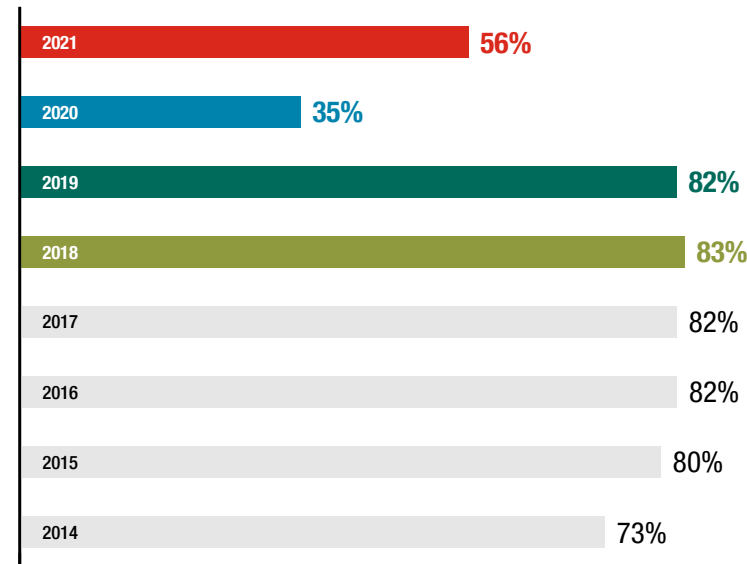


## ENGAGEMENT

One of Cummins' chief metrics for community engagement is employee participation in Cummins' Every Employee Every Community (EEEC) program, which enables employees to use at least four work hours to volunteer in their communities.

In-person employee volunteerism remained limited in 2021 due to the COVID-19 pandemic, so employees found innovative ways to volunteer safely. Projects included *writing letters* to the elderly, packing meals for children, providing virtual tours of Cummins facilities for young students and more.

In all, almost 40,000 employees participated in the EEEEC program in 2021 by volunteering more than 186,000 hours with nonprofits around the world.



## GRANT MAKING

Global community giving reached a new record in 2021, totaling \$35.7 million, a 62% increase from 2020. COVID-19 emergency grants continued, and by the end of 2021, grants had been given to 119 organizations around the world totaling more than \$3.5 million. Here's a look at 2021 grantmaking by priority area:

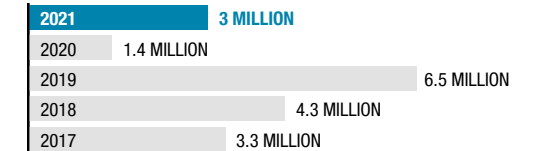


## IMPACT

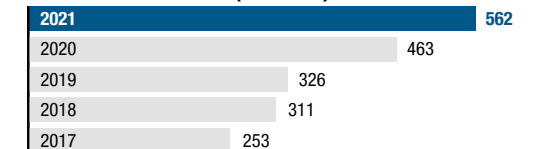
People served and the number of community grants both increased in 2021 from 2020 levels:



### PEOPLE SERVED (BY YEAR)



### COMMUNITY GRANTS (BY YEAR)



# STRENGTHENING COMMUNITIES THROUGH VOCATIONAL EDUCATION

To augment the company’s employee-led engagement and grantmaking, Cummins also focuses its resources and skills on addressing large global problems in its communities.

In 2012, the company launched its first global strategic initiative called Cummins TEC: Technical Education for Communities, which seeks to transform lives through career technical vocational education by training disadvantaged youth in employable skills to gain good jobs. The program currently has 25 school programs in 12 countries around the world.

2021 saw the highest enrollment numbers since the program started, with more than 1,200 students enrolling around the world. Cummins TEC has now enrolled more than 6,100 students, 11% of whom are



female. The company aspired to reach a goal of 8% female enrollment in TEC schools last year. To date, 2,713 young men and women have graduated from the program, with a total graduation rate of 78%.

One such success story is Mert Karakus. He attended the first Cummins TEC cohort at Ege University in Izmir, Turkey, focusing on the mechatronics curricula and studying English. After graduation, he joined aerospace company Fokker in Turkey, eventually transferring to Toronto where he manufactures and supplies wiring harnesses for a variety of aircraft programs, specializing in Airbus harnesses.

He is thankful for his time in the Cummins TEC program and the connections he’s made with former classmates.

“Some friends are working as technicians, some continued their education and are engineers, and some decided that being a technician was not their path. Most have related jobs now, largely due to the technical and soft skills we learned in the (TEC) program.”

Cummins TEC increased its reach in the U.S. in 2021, launching new programs at two schools in Nashville, Tennessee, one of which is the first post-secondary school in the U.S. to implement a Cummins TEC program. Expanding Cummins TEC into these locations aims to improve pathways for Black students into prosperous careers.

This goal links the program to CARE: Cummins Advocating for Racial Equity, a U.S. strategic community initiative focused on dismantling institutional racism and creating systemic equity launched in 2020. Together, these two Cummins initiatives seek to strengthen programs available to people of color and provide the skills needed to compete in the workforce.

## CUMMINS TEC BY THE NUMBERS

# TWENTY-FIVE

Number of locations with Cummins TEC programs in 12 countries around the world.

# 2,713

Total Cummins TEC graduates.

# 754

Cummins TEC graduates in 2021.



Percentage of TEC students who are female



# GENDER EQUALITY INITIATIVE SEES SIGNIFICANT GROWTH IN 2021

Cummins' second global strategic initiative, Cummins Powers Women, saw significant growth in the number of women and girls served by the program's nine nonprofit partners in 2021.

Since its launch in 2018, this \$22 million commitment to advancing gender equality in Cummins' global communities has enabled equal rights and opportunity for more than 946,000 women and girls in 17 countries.

The program has funded 253 advocacy grants resulting in 34 gender equality law and policy changes that positively impacted the lives of 26 million women and girls. That is up from 17 million impacted in 2020.

The program focuses on the four main drivers to achieving gender equality: educational attainment, economic empowerment, legal rights and personal safety. Mentoring was one opportunity for employee engagement that remained possible during the pandemic.

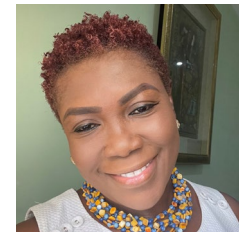


Cummins employees and nonprofit leaders attend a Cummins Powers Women supported event in South Africa.

In North America, Girls Inc. and Cummins developed a direct mentoring program between nine Cummins leaders and nine Girls Inc. affiliate leaders. These relationships enabled the nonprofit leaders to explore career challenges, goals and development needs with senior Cummins executives. Girls Inc. leaders benefited from a fresh perspective on management issues like delegation, strategy setting, personnel and finance. The experience was positive for Cummins leaders, too.

"The mentoring provides me an opportunity not only to share what we do but also challenge myself on why we do some of the things we do," said Brian Mormino, Cummins Executive Director – Technical and Environmental Systems. "I am learning right alongside her and then adjusting what I do in Cummins. We are truly rolling up our sleeves together. Our discussions also force me to slow down and reflect on things I normally don't make time for. In this way, we are both growing together."

In Ghana, Cummins partners with Camfed to help disadvantaged young women from rural backgrounds navigate the post-school period and transition to further education, employment or entrepreneurship.



Doris Afanyedey (left), General Manager of Cummins Ghana, helped launch a Cummins mentorship program for

Camfed alumni. Cummins employees guide Camfed students through their educational and career journeys by sharing work related experiences.

Afanyedey mentors because she feels it is her calling to help young women reach their full potential. One of her mentees was interested in nursing, so she encouraged the woman to create a vision board based on her educational and professional goals. It was a great way to establish objectives and identify areas where the young woman could use Afanyedey's guidance.

"When you mentor, you allow people to see that they can do so much more," Afanyedey added.

## CUMMINS POWERS WOMEN BY THE NUMBERS

22 MILLION

Cummins commitment in dollars behind the program since it launched in 2018.

26 MILLION

Number of women and girls positively impacted by the program, up from 1.6 million in 2018.

34

Gender equality law and policy changes as part of Cummins Powers Women since 2018.

9

Nonprofit partners supported by Cummins Powers Women.

13,000

Women on a path to economic independence since 2018 through programs supported by Cummins Powers Women.

# EFFORT ADDRESSING SYSTEMIC RACISM SEES EARLY SUCCESS

In just over a year, Cummins Advocating for Racial Equity (CARE) has invested \$23.9 million to address systemic racism in the United States through economic empowerment, criminal justice reform, police reform and social justice.

Forty-one partners have helped deploy these needed resources over five states, providing programming and other forms of support. CARE has positively impacted more than 300 Black-owned businesses.

As a company, Cummins has a history of fighting for social justice. Long-time company leader J. Irwin Miller advocated for civil rights while president of the National Council of Churches, supporting Dr. Martin Luther King, Jr.'s 1963 March on Washington. Miller joined other religious leaders meeting with President John F. Kennedy and,

after Kennedy's assassination President Lyndon B. Johnson, to state the group's support for civil rights legislation.

In late 2020, Cummins launched CARE, which focuses on four main drivers to address systemic inequity: criminal justice reform, economic empowerment, police reform and social justice.

The CARE initiative assembled support from 150 employee volunteers across 15 Cummins locations to drive a sustainable impact in dismantling institutional racism and creating systemic equity. In CARE's first year, there have been eight law and policy changes, arising out of 17 advocacy efforts. Highlights during that time include:

- CARE or its volunteers led or influenced several major changes relative to policing, including two use of force protocols, two changes to training and certifications, and one on the use of body cameras.
- The initiative partnered with the Bartholomew County Sheriff's Department and the Columbus Police Department in Indiana to create a business case for mental health resources to support the community and police.
- CARE awarded \$3.75 million in grants and loans across seven U.S.

cities to aid Black-owned businesses disproportionately impacted by the COVID-19 pandemic.

- CARE issued \$2 million in grants to develop affordable housing in Charleston, South Carolina, and Indianapolis, Indiana, to increase Black homeownership and build generational wealth.
- In Memphis, Tennessee, CARE committed \$30,000 to Juvenile Intervention and Faith-based Follow-up (JIFF), a nonprofit organization providing mentoring resources for juveniles.
- CARE partnered with a Black female-led business, Black Business Boom, to provide entrepreneurs with strategies and services to thrive in the digital economy.
- The initiative partnered with The Boys and Girls Club of Middle Tennessee to provide resources for after-school care.

Attitudes and policies undermining legislation providing equal access are at the root of the racial gaps that plague the United States.

Cummins recognizes the goal of dismantling systemic racism is not a short term endeavor. CARE is designed to be sustainable, and the company is committed to building welcoming and inclusive communities with opportunity for all.

## CUMMINS ADVOCATING FOR RACIAL EQUITY BY THE NUMBERS

# SEVENTEEN

Advocacy efforts involving CARE volunteers or support.

# 313 41

Black-owned businesses positively impacted by CARE to date.

CARE community partners providing programming resources.

# 8

Law and policy changes achieved by initiatives with CARE volunteers or support.

# 23.9 MILLION

Cummins investment in dollars in CARE-related efforts across criminal justice reform, economic empowerment, police reform, and social justice.



COMMUNITY ENGAGEMENT //  
STRATEGIC INITIATIVES

# NEW PROGRAM TARGETS GLOBAL WATER CRISIS

In July 2021, Cummins launched a new global strategic initiative called Cummins Water Works to address the global water crisis, partnering with leading water experts and investing and engaging in sustainable, large scale, high impact water projects.

*Cummins employees in India have long worked on community engagement projects addressing water. Here, employees help villages take better advantage of monsoon season.*

Cummins Water Works aims to strengthen communities through sustainable water. Water stress is the most urgent environmental threat facing many Cummins communities and is a direct consequence of climate change. The program focuses on the collective action required to solve the growing global water crisis afflicting communities, which has direct negative effects on health, education, gender equity and the growth of entire economies.

PLANET 2050 is Cummins' metrics-based sustainability strategy focusing on operations, customers and supply chain. Cummins Water Works extends the company's commitment to environmental sustainability, focusing on ensuring availability and sustainable management of water in Cummins communities.

Today, about 785 million people lack access to basic drinking water, and by 2050 at least one in four people will likely live in a country affected by chronic or recurring water shortages. A problem this large requires coordinated action to effectuate sustainable solutions. Cummins Water Works specifically aims to bring fresh water to 20 million people who will not otherwise have access to it.

Through the program, Cummins is partnering with leading water experts and leveraging the company's unique experiences, skills and capabilities to make a large-scale impact. Cummins joined the Water Resilience Coalition, a United Nations-sanctioned working group comprised of water-related nonprofit organizations, and more than a dozen major global companies focused on analyzing, prioritizing, implementing and managing high-impact water projects in major water-stressed regions around the world.

At a virtual launch event, Cummins leaders and more than 600 employees from around the world provided a high-level look at how the program will operate, while emphasizing key connection points water has throughout the company. A program [launch video](#) illustrates the urgency and significance of the global water crisis.

Cummins' initial nonprofit partners are The Nature Conservancy and Water.org, both of which are focused on tackling the water challenge at a basin level as well as at the small business, household and individual level. Cummins regional leaders are working closely with nonprofit experts on five projects in India, Brazil and Mexico. By the end of 2021, the program committed \$8.5 million in grants.

## CUMMINS WATER WORKS BY THE NUMBERS

TWO

Strategic partners so far,  
The Nature Conservancy  
and Water.org.

8.5 MILLION

Investment to date in dollars in  
community grants for Cummins  
Water Works projects.

3

Countries with projects so  
far: Mexico, Brazil and India.

785 MILLION

People around the world  
who lack access to basic  
drinking water.



# CUMMINS ADDS NEW INITIATIVE TO DEVELOP HEALTH AND SAFETY CULTURE

Cummins is committed to being world class in health and safety, and developing a culture where every employee is fully engaged in that effort.

For the past decade, Cummins' Incidence Rate and Severity Case Rate have consistently been significantly below comparable industry averages (see chart on [page 44](#)).

But the pursuit of excellence in health and safety is a journey never truly done. In 2021, Cummins implemented a new initiative around a metric known by health and safety professionals as Potential Serious Injuries and Fatalities or PSIF.

PSIF is based on understanding the underlying causes of potentially severe incidents to develop preventive actions that mitigate risk before a serious injury occurs.

## ENHANCING THE SAFETY CULTURE

The global implementation of PSIF is among the most significant process changes ever made in health and safety at Cummins, replacing the company's Major Injury and Dangerous Occurrence system that had been in place for more than 12 years.

PSIF's sponsors include Cummins Vice Chairman Tony Satterthwaite, and the company has established an ambassador program made up of more than 30 people



from across the company's functions and regions to promote the initiative's importance.

A Potential Serious Injury and Fatality is defined as a work-related incident that had the potential to lead to a serious injury or fatality if not for one or two factors. A serious injury is considered a life threatening injury or illness requiring medical intervention to prevent death, while a life altering injury or illness is something that results in a permanent loss of a body part or function.

Health and Safety leaders at Cummins believe the PSIF initiative enables plants and facilities to more easily and effectively identify, report and evaluate all safety incidents to determine their potential to become a serious injury or fatality and address the most serious risks. Employees are strongly encouraged to report all incidents and potential incidents.

Underscoring the importance of this new initiative was an uptick in several key safety metrics at Cummins in 2021 as the company confronted a rapid escalation in business following shut-downs in the immediate aftermath of the COVID-19 pandemic a year earlier.

**MEETING A CHALLENGING ENVIRONMENT**

For example, after achieving in 2020 a record low Incidence Rate, the rate of recordable injuries, Cummins saw an increase in 2021 from 0.48 to 0.57. The 2021 rate was below the company's 0.59 Incidence Rate in 2019, which at that time was the lowest Incidence Rate at the company since 2015.

Cummins' Severity Case Rate, the rate of lost or restricted workdays, increased to 0.28 in 2021 from 0.21 in 2020. In 2019, the rate was 0.23, a 15% improvement over 2018's rate of 0.26. The company's Ergonomics Incidence Rate, the rate of ergonomic injuries, increased to 0.17 in 2021, up from 0.12 in 2020.

Cummins' Health and Safety leaders note that the fourth quarter contributed the fewest recordable injuries in 2021, an indication that mitigation efforts, including working with sites to maintain a focus on safety amid the many challenges they faced, were working. The company ended the year with no employee fatalities.

**2021 HIGHLIGHTS**

There were a number of highlights in 2021. The Contractor Safety Incidence Rate, for example, decreased from 0.63 in 2020 to 0.50 in 2021. The Technical Organization improved its Incidence Rate by 8.8% while Asia-Pacific and China improved their respective Incidence Rates by 39% and 32%.

In other key developments:

- Supervisor specific safety training was developed to help cultivate an ideal safety culture where supervisors understand their role in creating an environment in which employees feel safe to speak up and express their ideas and concerns.
- The Health and Safety function collaborated with the company's Health and Wellness team to develop a pilot training on emotional wellness, providing employees the tools to manage stress within the workplace.
- Health and Safety also worked with the Global Manufacturing function to introduce collaborative robots to address certain ergonomic risks.

**HEALTH AND SAFETY BY THE NUMBERS**

0.57

*The Incidence Rate at the company, up slightly from the rate of recordable injuries in 2020.*

0.50

*Contractor Safety Incidence Rate, a drop from 0.630 in 2020.*



**Percentage improvement in the Incidence Rate achieved by the company's Asia-Pacific region in 2021.**

150+

*Ergonomic improvement projects submitted by more than 60 Cummins sites as part of the Health and Safety function's Ergo Cup competition in 2021.*



**Percentage improvement in the Cummins Technical Organization's Incidence Rate in 2021.**

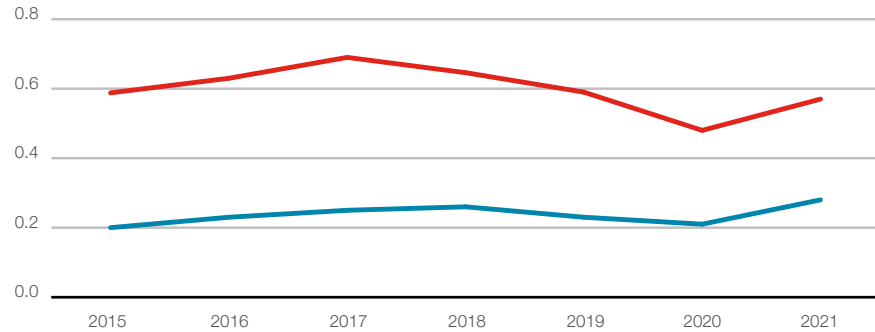
## HEALTH AND SAFETY //

### SAFETY PERFORMANCE INDICATORS

Here's a look at key trends in safety at Cummins.



■ INCIDENCE RATE  
■ SEVERITY CASE RATE

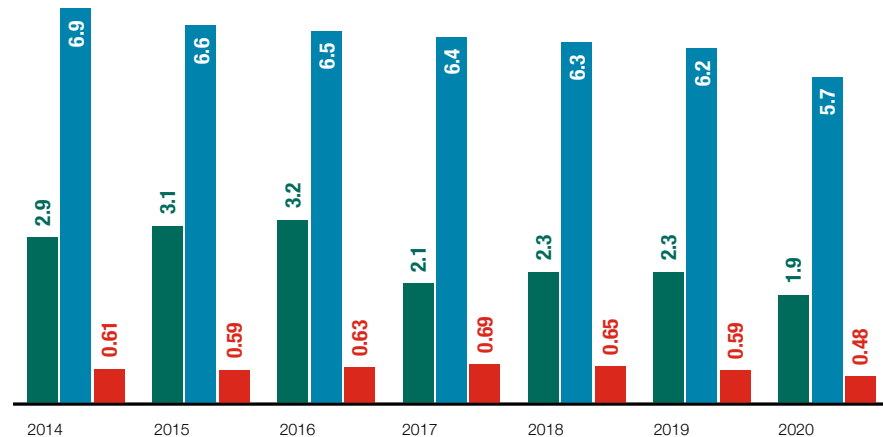


### HOW CUMMINS COMPARES

Cummins Incidence Rate compared to other industries:



■ US MOTOR & GENERATOR MFG  
■ US MOTOR VEHICLE MFG  
■ CUMMINS



### ERGO CUP CELEBRATES MILESTONE IN REDUCING ERGONOMIC RISKS

The Health and Safety function celebrated its 10th annual Ergo Cup competition in 2021 and again saw an increased level of participation and commitment from Cummins locations around the world.

The Ergo Cup is a competition where company sites enter a variety of initiatives they have implemented to reduce ergonomic injuries, among the top three types of injuries at Cummins. The competition presents an opportunity for sites to share best practices and drive a reduction in ergonomic risks across the company.

Since its inception, the Ergo Cup has captured an estimated \$50 million in cost avoidance and \$13 million in productivity and efficiency gains from more than 900 innovative ergonomic solutions submitted for judging.

In 2021, more than 60 sites entered more than 150 projects for review. The projects ranged from finger push force improvements to hammer eliminations to initiatives designed to eliminate dangerous lifts. Collectively, the 2021 entrants delivered an estimated \$3.8 million in productivity and efficiency savings and an estimated \$13 million in cost avoidance.

The 2021 cup winner was the Cummins Turbo Technologies facility in Wuxi, China, which eliminated multiple high-risk lifts for nearly 300 turbos per shift while improving productivity.

There were three Judges Choice winners in the 2021 competition, recognizing excellence in advanced manufacturing technology:

- Cummins Electronics and Fuel Systems China in Wuxi was honored for automatic kitting designed to eliminate bending and manual handling of thousands of pieces per shift.
- The Cummins Mid-Range Engine Plant in Columbus, Indiana, was recognized for mitigating the ergonomic risk from some highly repetitive workstations with more than a half-dozen collaborative robots.
- The Cummins Electronics and Fuel Systems plant in Columbus was honored for using a collaborative robot to mitigate risks from loading and unloading some needle shaped objects.



**SPECIAL REPORT**

# VACCINE EFFORT DELIVERS 45,000 SHOTS TO EMPLOYEES, FAMILIES AND OTHERS



A Cummins-supported vaccine clinic in Juarez, Mexico.

Throughout the pandemic, every Cummins value has been on display, both within the company and in the communities where employees live and work.

On April 1, 2021, the company's values of caring, integrity, teamwork, excellence, and diversity and inclusion were on full display as Cummins held its first mobile clinic to provide COVID-19 vaccinations in Columbus, Indiana (U.S.). By the end of the year, the company or company-supported clinics provided more than 45,000 shots globally, including more than 5,000 shots in the United States, over 30,000 shots in India, and more than 10,000 shots in Mexico.

The vaccine clinics were developed as part of an aggressive effort to acquire vaccines and provide them onsite or near-site to Cummins employees, their families and other stakeholders. The company partnered with governments and health care officials globally to remove some barriers to access, which looked different around the world due to variability in vaccine accessibility and distribution.

Dr. Bob Chestnut, Cummins' Chief Medical Executive Director, led the vaccination initiative, which helped many employees and

communities return to something more closely resembling their pre-pandemic lives. He continues helping the company navigate the ongoing complexities of the pandemic.

Cummins has an internal interdisciplinary team for managing COVID-19-related absences and the return to offices for employees who worked from home during the pandemic. The team consists of the Cummins Response Center, Human Resources, and medical professionals. Since the beginning of the pandemic, this team has supported every Cummins employee in returning to work and staying healthy.

In addition to the vaccine initiative, the company redesigned plant entrances and exits, as well as production lines to allow for social distancing to protect manufacturing and distribution employees who had to be onsite to do their jobs. Cummins also set up manufacturing lines to produce masks for employees, and the company expanded its healthcare and leave programs to support employees and their families.

Cummins leaders hope to have all offices open in 2022, pending local COVID-19 risk levels.





*Cummins believes in the power of diverse teams to power customer success.*

## ***DIVERSITY, EQUITY AND INCLUSION: WINNING WITH THE POWER OF DIFFERENCE***

**Cummins' mission is making people's lives better by powering a more prosperous world, a world where everyone is included and treated with respect.**

To facilitate the company's ability to innovate and win in the global marketplace, Cummins aspires to attract, retain and fully leverage a workforce reflective of the communities where the company does business. Diversity, equity and inclusion (DE&I) power these communities as well as the company and create future success. In short, Cummins wins with the power of difference.

Having launched its enhanced Global DE&I Strategy, Cummins continues to place importance on strengthening the company's talent ecosystem, which includes hiring, advancement, performance management, compensation and development policies and processes.



## DIVERSITY, EQUITY AND INCLUSION //

The company's methods are designed to promote inclusion and full employee engagement to help solve problems and power innovation for customers and create sustainable success for Cummins employees. The company has implemented a wide range of initiatives, led by the Global DE&I team and leaders across the organization. These initiatives are crafted so everyone is accountable for making room for everyone to succeed, no matter who they are, where they are, or what they believe.

The company's differences are celebrated and embraced in its vision to create both an inclusive culture and equitable environment.

### PUTTING STRATEGY INTO ACTION

Over the past year, Cummins has made strides in advancing its strategic goals to make the company's DE&I vision a reality.

### CUMMINS ADVOCATING FOR RACIAL EQUITY

The company's approach to diversity, equity and inclusion can be seen in Cummins Advocating for Racial Equity (CARE), a new initiative to help dismantle institutional racism in the United States. The initiative, launched in 2020, focuses on police reform, criminal justice reform, social justice and economic empowerment. Learn more about CARE in the Community Engagement section [\(page 40\)](#).

Cummins, for example, implemented new, more comprehensive quarterly DE&I Dashboards for senior leaders to regularly track and act on critical metrics to move forward representation, development, and advancement of diverse groups across the company.

This work has shone a bright light on underrepresented groups within Cummins and is indicative of gains made possible by a firm and strategic plan of action.

Concurrently, the company rolled out extensive training and resources to support meaningful dialogue about race. The DE&I team facilitated workshops with company leaders on the deep roots of systemic racism in the United States and how it affects perceptions and actions today.

Increasing transparency around the DE&I progress was a high priority in 2021. For the first time, Cummins externally shared representation data for U.S. employees and the new Global DE&I strategy to support aspirational diversity goals in the company's [2020 Sustainability Progress Report](#).

Additionally, Cummins' Employee Resource Groups (ERGs) have played an instrumental role in supporting the mental health needs of employees by sponsoring and hosting

virtual Safe Space forums and Mindful Meditation sessions that promoted inclusion and belonging during transitional times, as many employees continued to work remotely during the COVID-19 pandemic.

### REACHING GREATER HEIGHTS

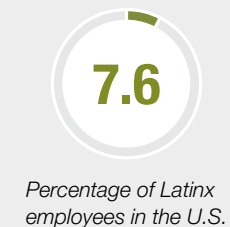
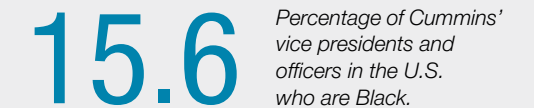
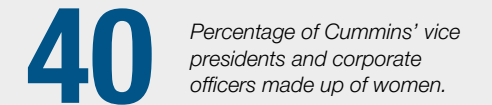
Cummins has won numerous awards [\(page 16\)](#) for inclusion, ranging from the work environment it establishes for people with disabilities to inclusion of multi-cultural women and LGBTQ+ employees. But winning awards is never the end game.

The company's longstanding commitment to diversity, equity and inclusion is a journey to reach greater heights in company goals; particularly, Cummins' aspirational goal to achieve globally 50% female representation at all company levels, as well as the aspiration for 12% representation of Black employees and 18% of Hispanic and Latinx employees across all company levels in the United States.

At its core, Cummins believes it makes a difference in the lives of many because, no matter where anyone goes, or what communities they work in, Cummins brings its goal of creating a more prosperous world where all people are embraced for who they are and what they aspire to achieve.

## DIVERSITY, EQUITY AND INCLUSION BY THE NUMBERS

As of Dec. 31, 2021





## DIVERSITY, EQUITY AND INCLUSION //

### 2021 CUMMINS GLOBAL WORKFORCE BY GENDER

Cummins has also been making steady progress on increasing the number of women in the company's workforce, believing women are underrepresented and contribute significantly to diversity at Cummins. This chart looks at the company's global workforce by gender as of Dec. 31, 2021.

	MEN	WOMEN		MEN	WOMEN
<b>ALL EMPLOYEES</b>	<b>72.2%</b>	<b>27.8%</b>	<b>LEADERSHIP</b>	<b>73.9%</b>	<b>26.1%</b>
<i>Hourly</i>	73.1%	26.9%	<i>Directors and Executive Directors</i>	74.3%	25.7%
<i>Salaried/Exempt</i>	70.9%	29.1%	<i>Vice President and above (officers)</i>	60%	40%

### 2021 CUMMINS U.S. DIVERSITY

Cummins has pledged to be a leader in addressing racial inequity in and out of the company. This chart looks at Cummins' U.S. workforce based on self-identification as of Dec. 31, 2021, as the company works toward improving diversity.

	ASIAN	BLACK	LATINX / HISPANIC	WHITE	OTHER	TWO OR MORE RACES	DECLINED TO ANSWER
<b>ALL EMPLOYEES</b>	<b>11.4%</b>	<b>11.6%</b>	<b>7.6%</b>	<b>66.9%</b>	<b>0.6%</b>	<b>1.5%</b>	<b>0.4%</b>
<i>Hourly</i>	2.5%	15.9%	7.8%	70.8%	0.8%	1.8%	0.5%
<i>Salaried / exempt</i>	21.9%	6.6%	7.4%	62.2%	0.4%	1.2%	0.3%
<b>LEADERSHIP</b>	<b>13.3%</b>	<b>6.2%</b>	<b>6.4%</b>	<b>72.7%</b>	<b>0.5%</b>	<b>0.8%</b>	<b>0.2%</b>
<i>Directors and Executive Directors</i>	13.5%	5.9%	6.5%	72.6%	0.5%	0.9%	0.2%
<i>Vice President and above (officers)</i>	6.7%	15.6%	4.4%	73.3%	0%	0%	0%

### TOP LEADERSHIP BY GENDER

As Cummins works to attract more women to the company, it is putting a special focus on the company's leadership ranks. This chart looks at the gender breakdown of Cummins' top executive teams as of Dec. 31, 2021:

#### CUMMINS EXECUTIVE TEAM



#### CUMMINS LEADERSHIP TEAM



#### CUMMINS OPERATING TEAM



### SUPPLIER DIVERSITY



For more than 40 years, Cummins' supplier diversity program has spread economic development to communities through the engagement of diverse suppliers in the United States and globally. The impact of the company's program goes beyond its immediate suppliers. Cummins' diverse suppliers, and the employees they hire, engage other suppliers in their supply chains and in their communities, creating a multiplier effect. Cummins' global spending with diverse suppliers as a percentage of revenue has more than doubled since 2010.

YEAR	TOTAL CUMMINS REVENUE	% SPEND WITH DIVERSE SUPPLIERS
2010	\$13.2 billion	4.12%
2012	\$17.3 billion	5.45%
2014	\$19.2 billion	7.76%
2016	\$17.5 billion	8.80%
2018	\$23.8 billion	8.65%
2020	\$19.8 billion	8.03%
2021	\$24 billion	9%



*President and Chief Operating Officer Jennifer Rumsey welcomes employees back to Cummins' offices in Columbus, Indiana. The reopening was in accordance with federal Centers for Disease Control and Prevention guidance after pandemic infection rates fell in the U.S. Midwest in April 2022.*

# CREATING DYNAMIC WORK ENVIRONMENTS CRITICAL TO SUSTAINABLE SUCCESS

Cummins' workforce strategy is built around the company's Leadership Culture, and its vision of inspiring and encouraging all employees to reach their full potential.

The company strives to create a dynamic work environment at every location, where all employees, regardless of employee type, know what is expected of them, are rewarded based on performance and have access to differentiated experiences, tools and leadership coaching.

## FOCUS AREAS

Cummins' strategy has four important focus areas:

- Developing self-aware and effective leaders.
- Creating diverse and inclusive work environments.
- Engaging employees and their families in improving wellness.
- Extending Cummins' talent management philosophies to all employees.

Managing the company's human capital resources is paramount at Cummins. In 2020, the company's Board of Directors recast its Compensation Committee as the Talent Management and Compensation Committee. The change reflects the board's commitment to providing guidance to the company's leadership on this important

work, including a special focus on the new and unprecedented issues around talent management and compensation emerging since 2020.

These issues include calls for racial equity and social justice that swept across the United States in 2020, as well as the movement toward flexible and remote working arrangements since the onset of the global pandemic two years ago.

## LEADERS' CRITICAL ROLE

Cummins believes a dynamic work environment begins with authentic leaders, who create outstanding places to work by encouraging all employees to achieve their full potential. The company urges leaders to connect employees and their work to Cummins' mission, vision, values, brand promise and company strategies ([page 14](#)), giving them a higher sense of purpose.

Leaders learn to make time to coach the employees they supervise, providing honest and constructive feedback that helps team members reach their personal goals. Authentic leaders create safe and caring environments by being vulnerable and

## WORKFORCE //

admitting mistakes, asking for help and being open to feedback, which the best leaders recognize as a gift that helps them, and the company, improve.

To develop authentic leaders, Cummins has created leadership and employee development programs for employees at every level of the company. When an individual joins Cummins, the company is

### HUMAN CAPITAL MANAGEMENT REPORT

In April 2022, Cummins posted its first Human Capital Management Report. The **report covers**, in depth, Cummins' approach to creating a great work environment and data on the company's workforce in 2021.



committed to providing both employees and their managers with the tools and resources needed to manage a career and successfully navigate a large, global organization.

#### CONTINUOUS LEARNING

Cummins provides a wide variety of opportunities for continuous learning and development, ranging from educational assistance for formal learning to making connections with other employees who can share their practical knowledge and experience. Employees also have access to on-the-job development opportunities, and, finally, they can gain real-world work experience with the tools and resources necessary to expand their skill set.

The company believes strongly that formal learning has an important role to play in learning and development, but training alone rarely helps employees reach advanced or expert levels. To be effective, training must be followed by practice and application to truly build competency.

Cummins employees are strongly encouraged to participate in Competency Assessments to identify skill gaps in their current roles, followed by Individual Development Plans

they can work on with their supervisor to prepare for their next position.

Company leaders are committed to helping employees tap into the learning opportunities only available at a global company the size and scope of Cummins. For example, the Cummins Learning Center, the company's online learning platform, offers a wide range of courses, from mandatory ethics and safety classes to voluntary learning on data modeling, project management and advanced business problem-solving tools such as Six Sigma.

#### COMPETITIVE PAY AND BENEFITS

To help attract and retain the best employees, Cummins provides competitive pay and benefits. When designing base pay compensation ranges, the company performs a market analysis to be sure ranges are current and employees are advancing their earning potential. Cummins also does annual compensation studies to assess market movement, pay equity and living wages.

In 2018, the company conducted a living wage analysis globally, striving to ensure Cummins employees make a living wage in the countries where they live and work.

### WORKFORCE BY THE NUMBERS

# 59,900

Approximate number of Cummins employees worldwide as of Dec. 31, 2021.

# 21,200

Approximate number of Cummins employees represented by various unions as of Dec. 31, 2021.



Percentage of Cummins employees 39 or younger as of Dec. 31, 2021.

# 100%

Eligible employees receiving performance reviews in 2021.



The company incorporated this living wage assessment into its annual compensation structure to make certain new hires never fall below this threshold. In the U.S., for example, the living wage in 2019 was \$15 per hour, although most Cummins positions pay significantly more.

The company provides benefit programs with the goal of improving the physical, mental and financial wellness of employees throughout their lifetime. Some examples include base and variable pay, medical, paid time off, retirement saving plans and employee stock purchase plans.

The company provides diverse benefit programs aligned with Cummins' values and focused on supporting employees and their families based on their unique needs, some of which include: tiered health care costs, so that more junior employees pay less for their premiums; paid parental leave for primary and secondary caregivers; advanced medical services from clinicians to support complex health care needs, and employee assistance programs with diverse providers meeting a range of needs from race-related trauma to financial planning and transgender transition support.

## TRAINING AND DEVELOPMENT

Cummins works to get employees the skills they need to succeed. Despite the pandemic, employees engaged in more than 353,000 hours of mandatory and non-mandatory training in 2021 through the Cummins Learning Center, achieving more than 425,000 course completions.

The Learning Center, an online training platform, coordinates a wide variety of training including a host of voluntary courses designed to improve employees' skill sets. And the Learning Center is only one training option for Cummins employees.

### LEARN MORE

*To learn more about working at Cummins, check out the company's [Careers page](#) on [cummins.com](#), where visitors can get more information on development programs, onboarding and benefits as well as interview tips.*

### TOP 10 2021 MANDATORY TRAININGS BY ESTIMATED TIME

TRAINING	COMPLETIONS	DURATION (HOURS)
Spectrum Diversity	4,000	16,913
Anti-Bribery and Prohibited Payments	29,474	11,298.4
Data Privacy	28,809	9,123
Cummins Business Model	4,319	7,586.8
Ethical Behavior and Speaking Up	4,370	6,426
Treatment of Each Other at Work	5,165	5,363.1
Security is My Job	3,710	5,007
Code of Business Conduct	1,772	2,649.5
Information Classification and Protection	4,047	2,023.5
Preventing Sexual Harassment (M-2022)	1,966	1,970.4

### TOP 10 2021 VOLUNTARY TRAININGS BY ESTIMATED TIME

TRAINING	COMPLETIONS	DURATION (HOURS)
Building Success in You	506	30,360
Serious Injury and Fatality Prevention Program	35,869	17,934.5
Leadership Conversations	549	13,410
Live It. Lead It. (Leadership)	871	7,167.5
COMET Incident Investigator	161	4,012.5
Creating the Ideal HSE Culture (Leadership)	807	3,868
Live It. Lead It (Train the Trainer)	465	3,434.5
Ethics Investigation Training	81	3,272
Cummins Environment and You	793	3,137
Leading at Cummins	1,706	2,559

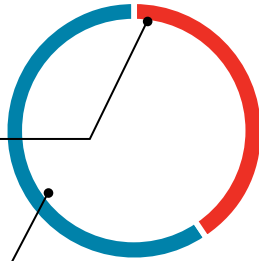
## A GLOBAL COMPANY OFFERING GLOBAL OPPORTUNITIES

### ASSIGNMENT COUNTRIES

Cummins is a truly global company with more than half of its workforce located outside the United States. That means the company can offer employees the opportunity to gain international job experience.

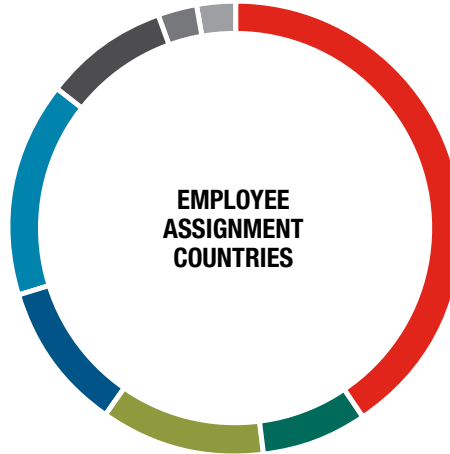
**EMPLOYEES WORKING IN THE U.S.**  
40.6%

**EMPLOYEES WORKING OUTSIDE THE U.S.**  
59.4%



AUSTRALIA	2.7%
BRAZIL	2.6%
CHINA	9%
INDIA	15.3%
MEXICO	10.6%
REST OF WORLD	11.6%
UNITED KINGDOM	7.6%
UNITED STATES	40.6%

### EMPLOYEE ASSIGNMENT COUNTRIES

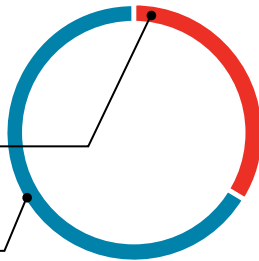


### COUNTRY OF BIRTH

Cummins has a truly international flare. Here's a look at employees by country of birth:

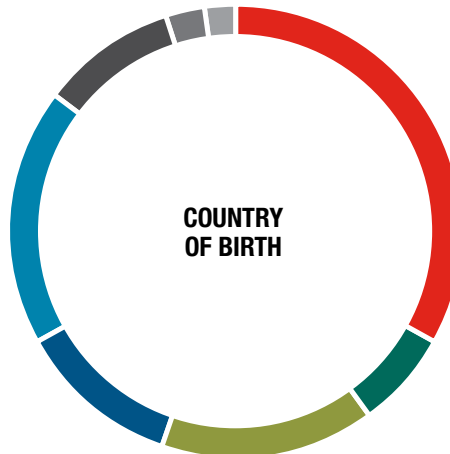
**U.S. BORN EMPLOYEES**  
33.1%

**EMPLOYEES BORN OUTSIDE U.S.**  
66.9%



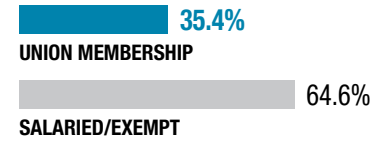
AUSTRALIA	2.1%
BRAZIL	2.8%
CHINA	9.7%
INDIA	18.4%
MEXICO	11.6%
REST OF WORLD	15.3%
UNITED KINGDOM	7.0%
UNITED STATES	33.1%

### COUNTRY OF BIRTH



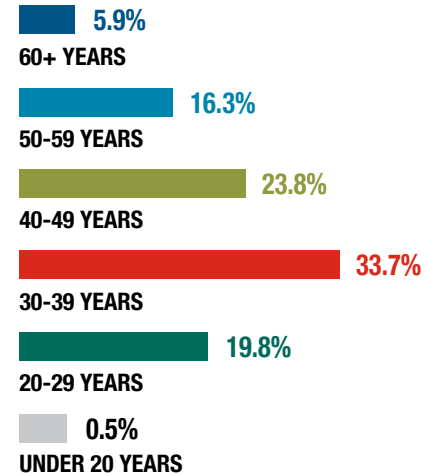
## EMPLOYEE REPRESENTATION

As of the end of 2021, about a third of Cummins' employees were represented by various unions under collective bargaining agreements expiring between 2022 and 2026.



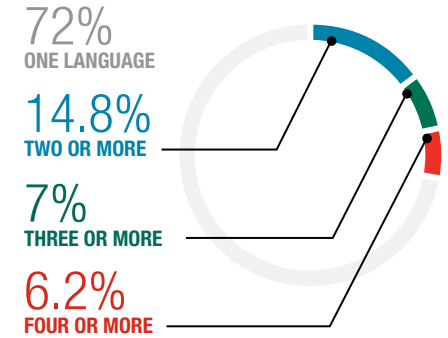
### AGE

More than half of Cummins' global workforce is under the age of 39.



## LANGUAGES SPOKEN

More than 20% of Cummins employees are proficient at more than one language. Here's a look:



### TOP 10 LANGUAGES

Spoken by Cummins employees

- 01 English
- 02 Spanish
- 03 Chinese
- 04 Marathi
- 05 Hindi
- 06 Portuguese
- 07 French
- 08 German
- 09 Romanian
- 10 Tamil

# GOVERNANCE AND ECONOMIC

Cummins believes governance and economic performance are fundamental to sustainability. Without both, it's difficult for a company to succeed over the long term.

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# CREATING A GREAT PLACE TO WORK STARTS WITH CUMMINS BOARD

The Cummins Board of Directors provides sound and independent judgment on the significant issues facing the company, protecting the interests of shareholders and others with a stake in Cummins' success.

The 13-member board includes two company officers—Chairman and CEO N. Thomas Linebarger and President and Chief Operating Officer Jennifer W. Rumsey—and 11 fully independent directors consistent with the definition established by the U.S. Securities and Exchange Commission and the New York Stock Exchange.

The board returned to a more normal schedule in 2021, having met a record 15 times in 2020 at the height of the pandemic. It continued providing important guidance and leadership over the course of the year on a host of issues, including human capital management.

## COMMITMENT TO DIVERSITY

Leading by example, the directors added more women and diverse members in 2021 and early 2022, while aligning its focus more closely to the critical goal of creating a dynamic work environment at Cummins.

The board ended 2021 with five women members—the most at any time in the company's more than 100-year history—and then added a 14th member and a sixth woman in early 2022 when Rumsey joined the board. Later in 2022, long-time

Lead Director Alexis Herman retired, effective after Cummins' 2022 Annual Meeting in May.

Female board members in addition to Rumsey, now include Carla A. Harris, who joined the board in 2021; Georgia R. Nelson, who joined the board in 2004; Kimberly A. Nelson, who joined the board in 2020; and Karen H. Quintos, a board member since 2017.

The board has two African American Directors—Kimberly A. Nelson and Harris; and two directors from Latin America—Franklin R. Chang Diaz, a board member since 2009, and Bruno V. Di Leo, a board member since 2015.

Taken together, more than half of the Cummins Board of Directors now consists of women and members of other dimensions of diversity. A total of six new directors have been added to the board since 2015 and there have been 11 new directors since 2008.

The board also has diversity in terms of business expertise and experience, including backgrounds in the automotive and transportation sectors, technology and IT, sales and marketing, and academia and finance.

## BOARD GOVERNANCE AT A GLANCE

Here's a quick look at key governance matters regarding Cummins' Board of Directors. To learn more, go to the 2022 [Proxy Statement](#) on cummins.com.

### BOARD

- Annual Election of Directors: **Yes**

### LEADERSHIP

- Combined Chairman and CEO: **Yes**
- Independent Lead Director: **Yes**

### PROCEDURAL

- Super Majority Voting Threshold for Mergers: **No**
- Proxy Access: **Yes**
- Shareholder Right to Amend Bylaws: **Yes**
- Shareholder Called Special Meetings: **Yes**
- Poison Pill: **No**

### POLICIES / GUIDELINES

- Code of Conduct for Directors, Officers and Employees: **Yes**
- Stock Ownership Guidelines for Directors and Executive Officers: **Yes**
- Anti-Hedging and Pledging Policies: **Yes**
- Compensation Recoupment Policy: **Yes**

**HUMAN CAPITAL MANAGEMENT**

Working with company leadership, the board has taken a broader view of the human capital plans, policies and practices impacting Cummins, with a special focus on the new and unprecedented issues around talent management and compensation emerging since 2020.

These include the calls for racial equity and social justice that swept across the United States in 2020, as well as the movement toward flexible and remote working arrangements since the onset of the global pandemic.

**NEW LEADERSHIP**

The Board of Directors believes the interests of shareholders are best served by combining the roles of Chairman and CEO with a strong and independent Lead Director. With the retirement of Alexis M. Herman, the new Lead Director is Thomas J. Lynch, Chairman of TE Connectivity Ltd. Lynch has been a Cummins board member since 2015.

The board broadened the focus of its Compensation Committee to include talent management. The Talent Management and Compensation Committee’s expanded charter reflects both the critical role employees play in the success and sustainability of the company and the impact of the ongoing pandemic.

The board committee has aligned its focus to the company’s overarching Leadership Culture theme of “inspiring and encouraging all employees to reach their full potential.”

**OTHER KEY ISSUES**

The board and its committees exercise the same kind of robust oversight over other areas, including Cummins’ Enterprise Risk Management program, dedicating time on that subject at every regular Board of Directors meeting. In addition, the board and its committees regularly review environmental, social and governance (ESG) strategy, again with dedicated time at every regular meeting.

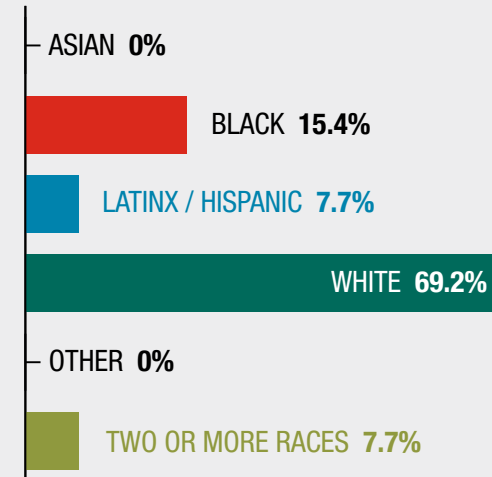
Directors also regularly meet with top shareholders for conversations focused on the board’s oversight of a variety of topics including company strategy, growth, risk management and ESG issues.

**BOARD DIVERSITY**

Diversity, equity and inclusion is important to the Cummins Board of Directors from both a race and ethnicity perspective as well as gender. Here’s a closer look at the 13-member board as of May 31, 2022:

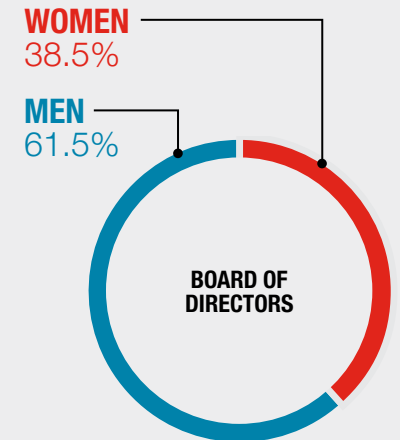
**BY RACE, ETHNICITY**

This chart looks at the board by race and ethnicity:



**BY GENDER**

This chart looks at the board by gender:



*NOTE: Story and graphic do not include the July 11, 2022, appointment to the Board of Directors of Gary Belske.*

# CUMMINS BOARD MEMBERS



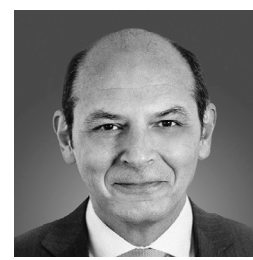
**ROBERT J. BERNHARD**

Vice President for Research and a Professor of Engineering at the University of Notre Dame. Bernhard, 69, joined the board in 2008.



**DR. FRANKLIN R. CHANG DIAZ**

Founder, Chairman and Chief Executive Officer of Ad Astra Rocket Company, a U.S. spaceflight engineering company based in Houston, Texas. Chang Diaz, 71, joined the board in 2009.



**BRUNO V. DI LEO**

Retired Senior Vice President, IBM Corporation, a global technology and consulting company. Currently, Managing Director of Bearing-North, LLC, an independent advisory firm. Di Leo, 65, joined the board in 2015.



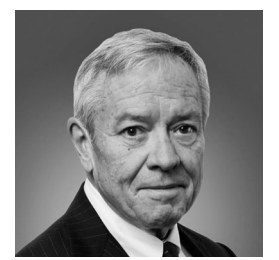
**STEPHEN B. DOBBS**

Retired Senior Group President at Fluor Corporation, a Fortune 500 company offering engineering, procurement, construction, maintenance, and project management services on a global basis. Dobbs, 65, joined the board in 2010.



**CARLA A. HARRIS**

Senior Client Advisor, Morgan Stanley, a global leader in investment banking and financial services. Harris, 59, joined the board in 2021.



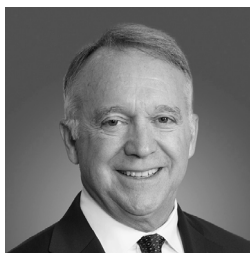
**ROBERT K. HERDMAN**

Managing Director of Kalorama Partners, LLC, a Washington, D.C.-based consulting firm. Herdman, 73, joined the board in 2008.



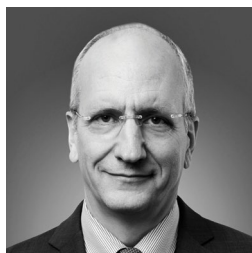
**N. THOMAS LINEBARGER**

Chairman and Chief Executive Officer, Cummins Inc. Linebarger, 59, joined the board in 2009.



**THOMAS J. LYNCH**

Chairman of TE Connectivity Ltd., a global provider of connectivity and sensor solutions. Lynch, 67, joined the board in 2015 and became Lead Director in 2022.



**WILLIAM I. MILLER**

President of The Wallace Foundation, a national philanthropy with a mission of fostering equity and improvements in learning and enrichment for young people and in the arts for everyone, since 2011. Miller, 65, joined the Cummins board in 1989.



**GEORGIA R. NELSON**

Retired President and Chief Executive Officer of PTI Resources, LLC, an independent consulting firm. Nelson, 72, joined the board in 2004.



**KIMBERLY A. NELSON**

Retired Senior Vice President, External Relations, at General Mills Inc., a world leading manufacturer of branded consumer food products. Nelson, 59, joined the board in 2020.



**KAREN H. QUINTOS**

Retired Chief Customer Officer of Dell Technologies Inc., a global supplier of personal computers and other computer hardware items. Quintos, 58, joined the board in 2017.



**JENNIFER W. RUMSEY**

President and Chief Operations Officer, Cummins Inc. Rumsey, 48, joined the board in 2022.



# SUSTAINABLE SUCCESS STARTS WITH ETHICAL BEHAVIOR

**Cummins is committed to doing business the right way, competing fairly and honestly and following the law everywhere. The company believes ethical behavior on the part of every employee is foundational to Cummins' sustainability.**

The company's Code of Business Conduct is built around 10 ethical principles, beginning with the simple but all-encompassing directive that "We will follow the law everywhere." The principles touch on nearly every aspect of working at Cummins, from embracing diverse perspectives to safeguarding the company's technology and intellectual property, to protecting the environment and strengthening the communities where Cummins does business.

Employees worldwide are required to comply with Cummins' Code of Business Conduct, which is reviewed in onboarding and again during mandatory online training periodically over an employee's time with the company. The Code of Business Conduct is available in 16 languages on the Ethics and Compliance intranet website for Cummins employees. In addition, all office and exempt/salaried employees must certify they are in compliance with the code. More than 30,000 Cummins employees as well as the company's Board of Directors completed the 2021 certification process.

Cummins' Supplier Code of Business Conduct aligns closely with the company's code of conduct for employees. Suppliers must state they are in compliance with the Supplier Code of Business Conduct as a condition of doing business with Cummins.

The supplier code states suppliers must treat all people with dignity and respect and provide a healthy and safe work environment for their employees. Both the Supplier Code of Business Conduct and Cummins' Code of Business Conduct for employees recognize the right to join a union and prohibit forced or child labor of any kind as well as human trafficking.

The Ethics and Compliance function at Cummins, which is celebrating its 10th anniversary in 2022, oversees the company's ethics and compliance program. The function communicates frequently that employees play a critical role in maintaining the Code of Business Conduct by reporting any problems they see. Cummins has a strict no-retaliation policy protecting employees making reports in good faith.

Employees can report potential code of conduct or policy violations in multiple ways. They can use Cummins' external Ethics website, call the company's Ethics Helpline, send an email to the Ethics and Compliance function or simply talk to their supervisor, Human Resources representative or a member of the company's Legal function.

Employees can remain anonymous, where allowed by law. These reporting options are included in onboarding, training, core policies, and in blogs and emails from the Ethics and Compliance function.

Cummins has a global team of investigators to look into possible code or policy violations. In 2021, the team investigated 1,575 cases, about evenly divided between inside and outside the United States.

## CUMMINS' 10 ETHICAL PRINCIPLES

Cummins ethics and governance initiatives are built around the 10 Statements of Ethical Principles in the **Code of Business Conduct**:

- 01** *We will follow the law everywhere.*
- 02** *We will embrace diverse perspectives and backgrounds and treat all people with dignity and respect.*
- 03** *We will compete fairly and honestly.*
- 04** *We will avoid conflicts of interest.*
- 05** *We will demand that everything we do leads to a cleaner, healthier, and safer environment.*
- 06** *We will protect our technology, our information and our intellectual property.*
- 07** *We will demand that our financial records are accurate and that our reporting processes are clear and understandable.*
- 08** *We will strive to improve our communities.*
- 09** *We will communicate honestly and with integrity.*
- 10** *We will create a culture where employees take responsibility for ethical behavior.*

## ETHICS AND COMPLIANCE //

### MAINTAINING THE CULTURE

A significant aspect of the Ethics and Compliance function's work involves making the most of online training as a means of reminding employees that Cummins' value of integrity never wavers.

The function in 2021 introduced new training content to offer a more modern feel, with additional vignettes and scenario-based training. The content continues to focus on issues such as anti-bribery, antitrust, and fair competition, but from a fresh perspective.

Training topics are assigned on a cyclical basis over a period of several years, so an employee does not take a course on every compliance topic every year. In addition, some trainings target specific groups of employees who would find it most relevant.

The function also developed scenario-based training in 2021 for nearly 2,000 supervisors designed to help them with the critical job of creating and maintaining an ethical culture.

Finally, the function conducts ethics and compliance reviews of significant partners and distributors to confirm they share Cummins' values.

### KEY TO THE NEXT CENTURY

Cummins is entering an exciting period of change, not just in the power technologies it is improving and developing, but also in how the company produces those technologies and how employees work in light of the movement toward flexible and remote working arrangements.

In the midst of all this change, company leaders know one aspect of working at Cummins must not be lost: the company's commitment to ethical behavior. It was critical during Cummins' first 100 years, and it will be key to the company's success for the next century.

## CUMMINS SUPPLIER CODE OF CONDUCT

The Cummins **Supplier Code of Conduct** applies to all businesses providing products or services to Cummins and its subsidiaries, joint ventures, divisions, or affiliates. Available in 15 languages, the supplier code is built around seven principles and helps Cummins ensure it is doing business with other companies around the world that share its values for these practices:

- 01 **Obey the law everywhere.**
- 02 **Treat people with dignity and respect.**
- 03 **Avoid conflicts of interest.**
- 04 **Provide a safe and healthy workspace.**
- 05 **Protect Cummins technology, information, and intellectual property.**
- 06 **Protect the environment and conserve natural resources.**
- 07 **Assist Cummins in enforcing the code.**

Cummins requires a verification response from suppliers that they are following the Supplier Code of Conduct before they are added to the company's supplier database. Cummins may visit facilities and conduct audits to ensure compliance.

## COMPLIANCE TRAINING IN 2021

Ethics and Compliance training had more than 65,000 course completions in 2021. Courses were offered virtually with a special emphasis on anti-bribery and data privacy for the year.

### TRAININGS COMPLETED

<b>Anti-bribery</b>	28,260
<b>Careful Communications at Work</b>	64
<b>Code of Business Conduct</b>	270
<b>Conflicts of Interest</b>	46
<b>Data Privacy</b>	28,743
<b>Doing Business Ethically</b>	2,352
<b>Export Compliance</b>	60
<b>Preventing Money Laundering</b>	156
<b>Protecting Human Rights in the Supply Chain</b>	106
<b>Treatment of Each Other at Work</b>	4,947

## MAINTAINING THE CODE



Cummins relies on its employees to speak up if they witness behavior that potentially violates the Code of Business Conduct. Employees may report a potential violation through a secure website or a toll-free telephone number.

	2018	2019	2020	2021
<b>Total cases</b>	2,215	2,436	1,601	1,575
<b>Cases outside U.S.</b>	52%	47%	51%	54%
<b>Cases in U.S.</b>	48%	53%	49%	46%
<b>Anonymous reporting</b>	35%	37%	40%	41%
<b>Cases substantiated*</b>	35%	47%	51%	49%
<b>Terminations**</b>	40%	41%	37%	43%
<b>Average days to close***</b>	10	22	17	27

\* Substantiated cases are now calculated on cases only investigated through the Ethics Investigation Process.

\*\* The termination rate is now calculated on substantiated cases and cases only investigated through the Ethics Investigation Process.

\*\*\* The average days to close formula has been updated to account for missing dates in the data.

# KEEPING HUMAN RIGHTS TOP OF MIND

Cummins has long been committed to protecting human rights, both within the company and across its supply chain.

For many years, the Cummins Code of Business Conduct has stated the company “will not tolerate child or forced labor anywhere and we will not do business with any company that does.” In 2018, Cummins officially adopted a separate Human Rights Policy to reinforce where the company stands on this important matter.

The Cummins Human Rights Policy specifically prohibits all forms of compulsory labor, as well as human trafficking. It applies to the company, its joint ventures, affiliated companies, and Cummins’ suppliers. If Cummins doesn’t have a controlling ownership interest or management responsibility with a related entity, the policy states it will take steps to require compliance.

In 2019, Cummins implemented company-wide training on human rights for employees working within the company’s supply chain. Cummins also began integrating provisions of the policy directly into the **Eyes Open Audits** conducted primarily by employees in the Purchasing function when visiting suppliers to check on worker safety, environmental concerns and other issues.

In establishing the policy, Cummins assessed the company’s risk for violations, determining the greatest risk exists deep in the company’s supply chain. Outside vendors providing services such as catering or cleaning were also identified as areas to watch. All of these areas receive extra attention and oversight from the company.

The Ethics and Compliance function is working to develop additional ways to monitor these often less visible elements of the company’s operations. Cummins is committed to supply chain transparency and ensuring its partners, especially in high risk areas, adopt measures to mitigate human rights risks.

Suppliers are required to sign response forms agreeing to comply with the company’s Supplier Code of Conduct, which also specifically prohibits forced and child labor. Cummins will work with suppliers to either develop a plan for compliance or a strategy for exiting their relationship with the company.

If any inappropriate behaviors or conditions viewed as systemic or critical are observed during supplier audits, the situation is reviewed with the Cummins Legal function for appropriate action.

## ABOUT THE POLICY

Here’s a quick look at Cummins’ Human Rights Policy:

**ADOPTION:** Completed in December 2017, after a thorough review, the policy was officially published in January 2018.

**CONTENTS:** The policy specifically precludes human trafficking and exploitation, forced labor, child labor, bonded and prison labor, and supports foreign and migrant worker rights.

**IMPACT:** The policy applies to Cummins entities in which the company has a controlling ownership interest or management responsibilities, including subsidiaries and joint ventures.

**INSPIRATION:** The policy was guided by the Universal Declaration of Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the U.N.’s Guiding Principles on Business and Human Rights.

**SUPPLIERS:** Cummins commits to supply chain transparency, pledging to work with suppliers and partners in high-risk locations to mitigate the risk of human trafficking and other human rights violations.

**TO LEARN MORE:** You can learn more about the policy’s origin and see a copy of **the policy** in the Newsroom at cummins.com.

## ETHICS AND COMPLIANCE BY THE NUMBERS

65,000+

Ethics and Compliance training course completions in 2021.

30,384

Ethics certifications completed by office and salaried/exempt employees in 2021.

10th

Anniversary celebrated by Ethics and Compliance function in 2022.

1,575

Ethics investigations undertaken by Cummins investigation team in 2021.



Percentage of complaints substantiated by investigators in 2021.



# CYBERSECURITY KEY COMPANY PRIORITY

**With much of the Cummins workforce working remotely in 2021, the company spared no efforts to keep its computer systems secure.**

Cummins is committed to protecting its intellectual property, customer data, and employee data, as well as the data increasingly important to product innovation and reliability, and the computer systems and networks critical to keeping nearly 65,000 global members of the Cummins workforce (employees, contractors and others) aligned and moving forward.

As a global power technology leader, Cummins believes its holistic approach to cybersecurity, including advanced technologies, good governance, extensive employee training, and innovative programming, is the best approach to achieving its goals of protecting the company from increasingly sophisticated attacks.

## A SOLID FOUNDATION

Cummins Global Cybersecurity starts with a solid foundation, built on 21 separate policies governing different aspects of cybersecurity at the company. The function reports to Cummins' Chief Information Officer, who regularly updates the company's Board of Directors.

Cummins is aligned to the cybersecurity framework developed by the U.S. Commerce Department's National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF). All Cummins personnel, including temporary employees, contractors, and business partners handling information on the company's behalf, are required to follow the data protection requirements contained in Cummins' policies and procedures.

The company has used outside experts to review its operations and evaluate Cummins Global Cybersecurity's maturity and goals in alignment with NIST. Cummins benchmarks the function against peer companies and continually enhances its cybersecurity operations to meet the changing security landscape.

## TRAINING AND EDUCATION

In addition to implementing the hardware and software necessary to protect the company from cyber threats, Cummins Global Cybersecurity has also worked to engage Cummins employees in its efforts through training and education, starting from revised global onboarding materials, where new employees first learn about the importance of protecting the company's data and information.

Employees who receive access to Cummins' digital network receive training on the devices they use, including cybersecurity training, and the company is expanding training to employees who don't have direct access to the network.

Cummins expanded its required online training for employees with access to the company's digital network. In 2021, more than 28,000 employees completed mandatory online training on data privacy.

Global Cybersecurity also began sending out monthly emails to the more than 65,000 people enrolled in its training and awareness program testing whether they can successfully identify phishing attempts. Based on actual emails Cummins employees received, the exercise includes links to additional training for those who need it.

## GETTING THE MESSAGE OUT

Cummins designates October as Cybersecurity Awareness Month.

Global Cybersecurity team members and leaders go out and speak about the importance of cybersecurity in a variety of settings and multiple locations across the company.

The team has also established a Cybersecurity Ambassador program, providing participants with the information they need to talk to their co-workers about the importance of protecting Cummins' digital resources and information.

## INNOVATIVE INITIATIVES

Anyone with a Cummins account, including contract and joint venture workers, also has the ability at the press of a button to report suspicious emails. The company is constantly testing and implementing tools to detect anything outside of normal operations such as malware.

In addition to new tools, the cybersecurity team collaborates with the business to conduct vendor security assessments to ensure vendors have adequate security measures in place before being entrusted with Cummins data.

Finally, in a world that is increasingly interconnected, Cummins Global Cybersecurity is engaged in product development early on to maintain the highest levels of protection for the company's products against cyber threats.

# **RISK MANAGEMENT FOUNDATIONAL TO CUMMINS' SUSTAINABILITY**

**Cummins' Enterprise Risk Management team works with the company's top leaders to establish a culture where key risks are identified and responded to appropriately, with guidance and oversight from Cummins' Board of Directors.**

Company leaders believe managing risk is critical to Cummins' long-term sustainability, and that effective risk management starts with enterprise resiliency.

A company's ability to anticipate and manage potential business interruptions can be the difference between success and failure, whether the risk involves a supply chain disruption, an emissions compliance issue, or a cybersecurity concern—three of nearly two-dozen areas actively tracked by Cummins' senior leadership.

## **LEADERS PLAY MAJOR ROLE**

The Cummins Executive Risk Council is comprised of the company's President and Chief Operating Officer, Vice Chairman, Chief Financial Officer, General Counsel, and Chief Administrative Officer. The Vice President – Corporate Strategy, Corporate Controller and the Vice President of Internal Audit also attend these meetings. The council meets at least quarterly to review and update material risks facing the company. Senior leaders are assigned responsibility for managing key risks.

At every meeting a few of these risk "owners" present an in-depth briefing on their particular risk. Council members ask questions and debate the risk to ensure it gets the appropriate amount of attention.

The Cummins Board of Directors oversees the most significant risks. The board or its committees receive briefings at every regular meeting on one or more relevant risks and once a year the full board reviews the entire Enterprise Risk Management program and the results of the last enterprise risk assessment.

## **COORDINATION IS KEY**

Cummins' Enterprise Risk Management team also works with other assurance groups that play an important role in managing risk throughout the company, including Risk Insurance and Global Security, which oversees the Business Continuity Plans established by every Cummins location to manage through an emergency.

These plans are regularly tested and improved as part of Global Security's holistic approach to emergency management. Key sites undergo tabletop exercises to ensure they are ready if an emergency occurs.

The Risk Management team also works with the company's Area Business Organizations on the risk management programs in their regions to track and mitigate key risks.

## **TRACKING FUTURE RISKS**

The Executive Risk Council and the Board of Directors re-evaluated in 2020 how the company traditionally tracks risks, seeking to also track longer-term issues with the potential to significantly alter the way the company works.

The company decided it was important to begin tracking a new category of risk in addition to the current enterprise risks. These "emerging risks" did not necessarily present an immediate or large threat to the company but have been identified as potentially important in the future.

By continually taking steps to identify emerging risks, Cummins' leaders and board keep an eye on the future while addressing the most material risks facing the company today. This process ensures leaders are always thinking about the company's long-term sustainability.

# GOVERNMENT RELATIONS PARTNERS FOR PROGRESS ON SUSTAINABILITY

The Cummins Government Relations function partners with business leaders to advocate for a positive business environment that fosters profitable growth, a cleaner environment, and more prosperous communities.

2021 was a historic year for climate and infrastructure policy. The Government Relations team worked to educate policymakers on the company's commitment to **Destination Zero**, Cummins' strategy to reduce greenhouse gases (GHGs) and improve air quality, and the importance of federal, state and local investment in low carbon and zero emission fuels, now and in the future.

## ADVOCATING FOR CLIMATE ACTION

Cummins Chairman and CEO Tom Linebarger and Amy Davis, the company's Vice President and President of Cummins' New Power business segment, attended the United Nations Conference of Parties 26th climate change (COP26) summit in Glasgow, Scotland. The event provided the company an opportunity to champion Cummins' investment in the technologies of the future and engage with high level government officials and business leaders focused on the world's climate challenges.

The company also worked on Fit for 55, the European Union plan to reduce GHG emissions 55% by 2030. The climate initiative deals with renewable energy, taxation, and infrastructure, with the goal of strengthening the role of new and cleaner technologies in the path-to-zero emissions. Cummins also promoted hydrogen internal combustion engine technology to different policy leaders across the continent as an important step to reduce carbon quickly that should be encouraged to achieve a no-carbon economy.

The company advocated for a similar approach in China with hydrogen internal combustion engines, engaging on China's

Dual Carbon Initiative to promote alignment between carbon, pollutant emission and fuel efficiency.

In Brazil, Cummins joined the Sustainable Low Carbon Movement to assist policy makers in their development of a strategic plan for a path to zero emissions. This plan will help frame the phases of the automotive policy in the country. Additionally, Cummins identified opportunities for new technologies and participated in the inauguration of the first hydrogen Cummins Electrolyzer and Fuel Cell project in Brazil.

Finally, at the close of 2021, after years of advocacy from the business and social community alike, Congress passed the Infrastructure, Investment and Jobs Act (IIJA) and President Biden signed it into law.

The IIJA includes several provisions that Cummins advocated for over the past four years, including in the Congressional testimonies of Cummins' Tony Satterthwaite, Vice Chairman, and Dr. Wayne Eckerle, Vice President – Solid Oxide and Advanced Technology Exploration. The legislation will allow, for example, investment in hydrogen, including requiring the U.S. Government to propose a national hydrogen strategy, and build cross-sectoral hydrogen hubs across the country.

The act also provides opportunities to invest in both low carbon and zero emission school and transit bus technology, and to build out the national charging infrastructure necessary for them. Additionally, the legislation contains significant funding for grid modernization, additional smart transmission, and distribution infrastructure to support more renewable energy development.

The IIJA passed after extensive engagement with Congress and the Administration and will provide opportunities for ample investment in advanced technologies across the United States.

## WORKING WITH REGULATORS

In Europe, the Government Relations team has been involved in mitigating the policy risks related to internal combustion engine technologies to ensure the focus is on improving environmental performance. On the implementation of the Euro VII emission standards, leaders from Product Compliance and Regulatory Affairs at Cummins met with high-level officials from the European Commission on several occasions to discuss challenges linked to the future regulation.

The Government Relations team in Latin America, meanwhile, worked with



## GOVERNMENT RELATIONS //

policymakers and business leaders across the region to ensure emissions standards for nitrogen oxides (NOx) and particulate matter (PM) standards were strict but achievable with available technology, especially in the off highway and power generation market segments.

In the United States, Government Relations worked closely with Product Compliance and Regulatory Affairs to promote tough, clear, and enforceable environmental regulations. Over the past year, the team advocated to Congress and the Environmental Protection Agency (EPA) for an environmentally protective and durable rule while awaiting the Clean Trucks Plan regulation for NOx and carbon dioxide (CO<sub>2</sub>) reductions.

### **VOTING RIGHTS AND FREE TRADE**

Following unprecedented voter turnout in 2020 and the expansion of early and mail-in voting options due to the pandemic, there was an uptick in restrictive legislation at the state level. The Government Relations function actively advocated against these efforts, including restrictions proposed in Indiana during the 2021 legislative session that were ultimately not adopted.

Government Relations also engaged with leading voting rights groups to provide

educational opportunities to help Cummins employees understand the issue and take action through partnerships and webinars.

On free trade, Cummins has continued to be deeply engaged in U.S.-China trade relations in 2021. Linebarger, in his role as Chairman of the U.S.-China Business Council, has been a leading voice within the business community on finding areas where the two countries have common policy goals. In particular, he has been encouraging collaboration on climate priorities.

### **RACIAL EQUITY**

As part of the company's Cummins Advocating for Racial Equity (CARE) initiative in the United States, Cummins Government Relations led advocacy efforts in Indiana, leading to the formation of the INSPIRE racial equity coalition. This coalition aims to bring Indiana-based corporations and advocacy organizations together to move proactive legislation and defend against regressive proposals.

The function also assisted CARE leadership in making connections with community partners in Minnesota, Tennessee, and South Carolina to pursue police and criminal justice reform measures.

In Minnesota, Cummins Government Relations joined the Minnesota Business Coalition for Racial Equity to leverage the combined voices of the large corporations in the state. In both Tennessee and South Carolina, Government Relations is working with local community and advocacy groups to identify legislative opportunities and assist their efforts.

### **COVID-19 PANDEMIC RESPONSE**

In Latin America, Cummins engaged in advocacy to accelerate COVID-19 vaccinations in the region and support the necessary infrastructure to expedite the process. In Brazil, the Government Relations function joined the Movement United for Vaccines, a community organization focused on encouraging people to get vaccinated against COVID-19 in areas where Cummins employees live and operate.

At the Cummins facility in Juárez, Mexico, the function worked with the federal, state and local government to increase the availability of the vaccine for employees and the larger community. Thanks in part to those efforts, 20,000 people received vaccinations as more than 350 Cummins employees invested over 1,800 hours of community work. There was nearly a 100% vaccination rate among employees in the region.

## **CUMMINS AND REGULATIONS**

Cummins has long supported tough, clear and enforceable regulations that drive innovation in the commercial power industry.

The company has supported greenhouse gas/fuel efficiency regulations in the United States as well as national and regional efforts to reduce nitrogen oxides (NOx) and particulate matter (PM), key ingredients in smog. In China and India, the Government Relations team has engaged with policymakers to ensure NOx and PM standards are fully implemented and enforced.

These engagements, along with additional advocacy by the team, is how Cummins uses its voice and its technology leadership to inform governments about the policies that will lead to a more sustainable future.

**POLITICAL ACTIVITIES**

Cummins bans contributions using corporate funds to candidates, political parties and independent expenditures, including advertisements that support or oppose individual candidates.

The company also will not use corporate funds to contribute to 501 (c) (4) and 527 tax-exempt groups in the United States that are engaged in political activity or make payments to influence ballot issues, unless the issues are directly tied to the company’s core values and business interests. In those cases, Cummins is committed to publicly disclosing any payments including recipient names and amounts.

The company made no such payments in 2021.

**POLITICAL CONTRIBUTIONS**

In the United States, political contributions are made by the Cummins Inc. Political Action Committee (CIPAC) and funded solely by voluntary employee contributions. CIPAC makes contributions to federal and state candidates on a bipartisan basis and according to federal and state election laws.

CIPAC is governed by corporate policies and bylaws that state:

- CIPAC contributions are strictly voluntary.
- Employees will not be reimbursed directly or indirectly for political contributions.
- Employees will not be pressured to contribute to CIPAC or make any other personal political contribution.
- Failure to contribute to CIPAC shall not disadvantage an employee’s career.

CIPAC contributions are based on:

- Public integrity of the candidate.
- Representation of a Cummins facility or employees.
- Support for issues important to Cummins.
- Timely and effective constituent service.
- Political leadership or organization.
- Support for the company’s values.

All of CIPAC’s activities are disclosed to the Cummins Board of Directors in an annual political contribution report. Here’s a [complete list](#) of the political action committee’s contributions.

**LOBBYING**

**Cummins belongs to a number of trade organizations. While the company may not agree with these associations on every matter, Cummins believes they help ensure government leaders know where the company stands on key issues.**

This chart lists U.S. trade organizations that Cummins paid dues in excess of \$50,000 during calendar year 2021, as well as the U.S. Chamber of Commerce, which fell below that \$50,000 threshold. Listed with each group is an estimate of the portion of dues used for lobbying or other political expenditures.

TRADE ORGANIZATION	LOBBYING ESTIMATE	KEY CUMMINS ISSUES
National Association of Manufacturers	\$32,803.60	<i>Immigration, trade, manufacturing</i>
Business Roundtable	\$75,000.00	<i>Trade, environment, taxes</i>
Engine Manufacturers Association	\$4,722.96	<i>Truck and engine manufacturing</i>
U.S. Chamber of Commerce	\$10,000.00	<i>Immigration, taxes</i>
American Trucking Association	\$14,815.92	<i>Trade, environment</i>
<b>TOTAL</b>	<b>\$127,342.48</b>	



**B6.7**



**L9**



**X15**

# CUMMINS' COMMITMENT TO DECARBONIZATION DRIVES INNOVATION

The past year will likely go down as one of Cummins' most innovative, as the company worked to reduce the carbon impact of its core products and bring to market the low-carbon technologies that will power the future—all while maintaining the durability and dependability customers count on.

It's part of Cummins' Destination Zero strategy for decarbonization: investing in and advancing zero emission technologies for those customers who are ready while providing those who aren't—either because of economic concerns, the absence of infrastructure, or other reasons—the chance to achieve critical carbon reductions

*Fuel agnostic engines use common architectures for blocks and other core engine parts (red) while the engine can be optimized (gray) for a specific lower-carbon fuel.*

using the company's core technologies. Cummins believes it is important to begin carbon reductions as quickly as possible to achieve the world's climate goals.

Cummins announced in 2021 a number of initiatives aligned to **Destination Zero**, accelerating development of internal combustion engines fueled by low-carbon hydrogen for commercial-industrial markets, launching a new near-zero emission natural gas engine for heavy-duty trucks, and, in early 2022, unveiling plans for internal combustion engines with a **common architecture** capable of optimization for the low-carbon fuel they use.

The company in 2021 also opened a fuel cell systems **production facility** in Herten, Germany, and announced plans to build a **new plant** in Spain to manufacture electrolyzers, critical technology for increasing the supply of no-carbon, green hydrogen. In addition, Cummins unveiled a partnership to pursue large scale hydrogen production projects in Europe and a joint venture to produce green hydrogen in China.

Cummins has now deployed more than 600 electrolyzers, including the world's

largest PEM electrolyzer in Bécancour, Canada. The company has produced more than 6,200 battery modules and packs as part of its work on battery-electric technologies. Finally, the global power leader has deployed more than 2,000 hydrogen fuel cells, powering a number of global firsts, including the world's first hydrogen-powered passenger train with Alstom.

In short, Cummins has the reach, experience and capabilities of a 102-year-old company, with the mindset of a startup.

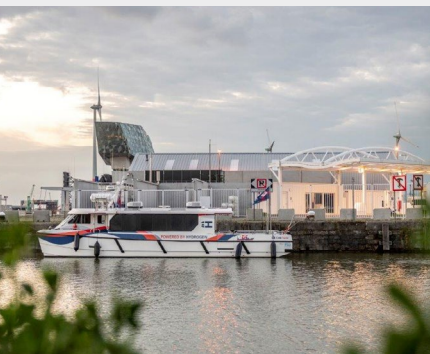
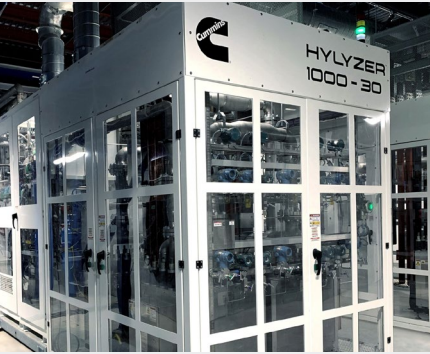
"The decarbonization of our economy is critical to our way of life and our industry will play a key role in that effort," Cummins Chairman and CEO Tom Linebarger told financial analysts in early 2022. "Fortunately, decarbonization is also a growth opportunity for Cummins. We are confident in our ability to play a leading role in bringing lower carbon technologies to commercial vehicle and industrial markets globally."

## IMPROVING CORE TECHNOLOGIES

Cummins' track-record on innovation goes back to the company's formative days when founder Clessie Cummins first began experimenting with diesel engines. Internal combustion engines remain part of the company's plans, but with continuing improvements to reduce carbon



INNOVATION //



**NEW POWER FIRSTS**

Cummins New Power has been part of several industry firsts. Here are three:

- **Cummins is powering the world’s largest PEM electrolyzer in operation at 20 MW in Bécancour, Canada.**
- **Company technology is powering the world’s first hydrogen-powered passenger train, operating across Europe.**
- **Cummins technology is part of the world’s first hydrogen refueling station for ships, cars, trucks and industrial customers in Antwerp, Belgium.**

as much and as soon as possible while the infrastructure develops to support widespread adoption of no-carbon platforms.

In January 2022, the company formally launched its Destination Zero strategy to achieve the company’s aspiration of powering customers with net-zero emission platforms by 2050.

The strategy is designed to serve all of the company’s stakeholders, focusing on three key principles: achieving immediate and significant carbon reductions from Cummins products in use, growing the hydrogen economy, and improving the resiliency of the grid while decarbonizing it with renewable energy.

By moving immediately to reduce carbon emissions from its core products compared to simply waiting for widespread adoption of zero emission technologies, Cummins estimates 1.4 gigatons of carbon can be avoided by 2035—the equivalent of taking every truck off the road today for three years.

Even before Destination Zero was publicly unveiled, the company announced in September 2021 it was accelerating development of a **hydrogen-fueled engine** platform for its medium-duty 6.7-liter and heavy-duty 15-liter internal combustion

engines to provide customers a competitively priced option to reduce carbon emissions.

A month later, in October 2021, the company said it was bringing to market in North America a 15-liter **engine platform** for heavy duty trucks that will begin with a near zero emission natural gas version and later be available in a variety of fuels from diesel to hydrogen, offering leading power and performance while meeting more stringent emission regulations.

Finally, in February 2022, Cummins announced it would expand its industry-leading B, L and X-Series platforms to develop “fuel agnostic” internal combustion engines designed so they can be optimized for a particular low-carbon fuel while using engine blocks and core components that share common architectures. This would enable truck manufacturers to integrate a variety of fuel types across the same chassis, reducing total cost of ownership for end users.

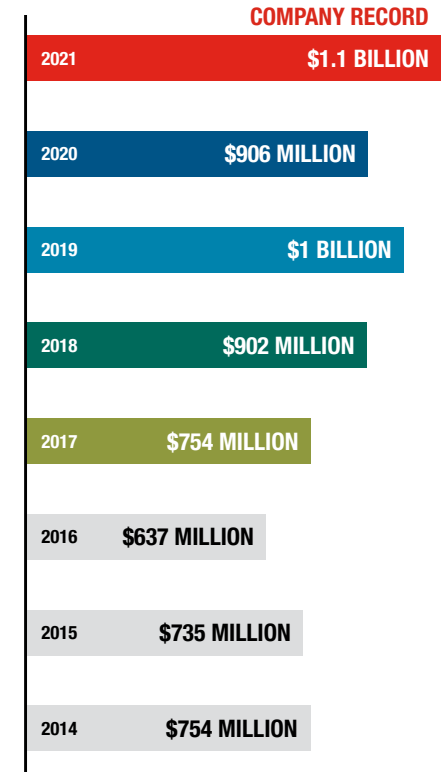
**NEW POWER MOVES FORWARD**

Meanwhile, the company’s New Power business segment continued bringing to market the technologies that will power the future, especially in hydrogen related platforms.

**RESEARCH AND DEVELOPMENT**



Cummins topped \$900 million in spending on research, development and engineering expenses for a fourth consecutive year in 2021.

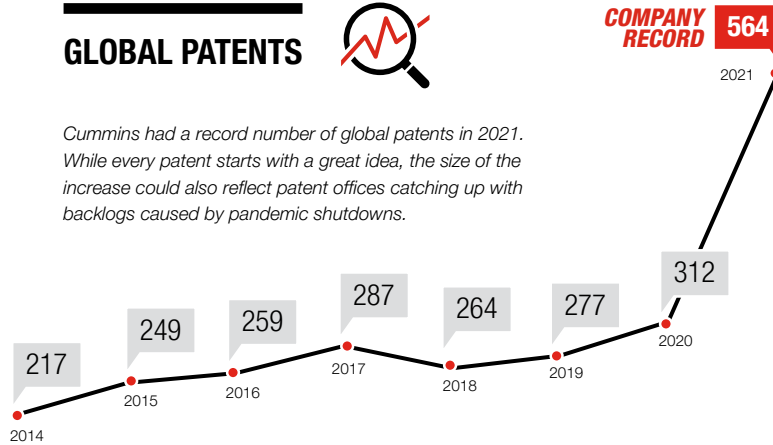


## INNOVATION //

### GLOBAL PATENTS



Cummins had a record number of global patents in 2021. While every patent starts with a great idea, the size of the increase could also reflect patent offices catching up with backlogs caused by pandemic shutdowns.



In May 2021, the company announced it had selected Spain for building one of the world's largest electrolyzer manufacturing plants, scalable to 1 gigawatt per year. Cummins also unveiled a partnership with Iberdrola, a global leader in the transition to clean energy, to develop large-scale green hydrogen production projects in Spain and Portugal.

The company announced in November 2021 it had entered into **an agreement** with Sion Power Corporation, a leading developer of high-energy rechargeable battery technology, to design and supply battery cells based on Sion's proprietary lithium metal technology for commercial vehicle applications. Cummins also made an investment in Sion, providing it with a minority stake in that company.

Just a month later, the global power leader and Sinopec, also known as the China Petrochemical Corporation, announced a **joint venture** to produce green hydrogen technologies in China. The joint venture wants to accelerate the affordability and availability of green hydrogen through technological innovation, and expand research and development as well as manufacturing capacity.

Most recently, in February 2022, Cummins and Meritor, Inc. announced **an agreement** for Cummins to acquire the global leader in drivetrain, mobility and electric powertrain solutions for commercial vehicle and industrial markets. The integration of Meritor's people, technology and capabilities will position Cummins as one of the few companies capable of providing integrated powertrain solutions across combustion and electric power applications.

The company believes eAxles will be a critical integration point within hybrid and electric drivetrains. By accelerating Meritor's investment in this technology, and integrating development within New Power, Cummins expects to deliver market-leading solutions to global customers.

### POSITIONED TO MAKE A DIFFERENCE

Cummins has many distinct advantages in the drive to decarbonize, Linebarger told analysts. First, it has the global reach to make a difference, with plants and a service network literally around the world. No one has more application knowledge or experience with internal combustion engines as the platform transitions to low-carbon fuels.

The company also has the resources to invest in no-carbon technologies such as battery-electric and hydrogen fuel cells as well as green hydrogen production. Finally, Cummins has long-established relationships with customers, regulators, universities and others expected to play a critical role in decarbonization.

"We are uniquely positioned in the commercial-industrial space to provide solutions now, solutions in the medium-term, (and) solutions in the long-term that will meet both the needs of the planet and the needs of our customers," Linebarger said.

## INNOVATION BY THE NUMBERS

# 1.4

Gigatons of carbon avoided by 2035 through advances in Cummins' core products vs. waiting for mass adoption of zero emission platforms.

# 1.1 BILLION

Record amount in dollars spent on research, development and engineering expenses in 2021.

# 2,000+

Cummins fuel cells deployed around the world.

# 6,200+

Cummins' battery modules and packs deployed.

# COLLABORATING FOR PROGRESS

Cummins works with the federal government, state agencies, universities and other companies to help develop technologies for the future. This chart looks at some of the collaborations the company was part of in 2021.

PROJECT NAME	SPONSOR	PARTNERS
<b>SuperTruck II (research project to develop highly efficient tractor-trailer)</b>	U.S. Department of Energy (DOE)	Peterbilt, Eaton
<b>Optimal Freight Management for Efficiency</b>	DOE	Michelin, University of California, Berkeley
<b>Cummins PEM Fuel Cell System for Heavy-Duty Applications</b>	DOE	
<b>Cummins Reversible-Solid Oxide Fuel Cell (SOFC) System Development Project</b>	DOE	
<b>Improving Cost and Efficiency of Scalable SOFC Power System</b>	DOE	University of Connecticut
<b>Dynamic Skip Fire (DSC®) on a Heavy-Duty Natural Gas Engine</b>	DOE	Tula Technology
<b>Cummins High Power Density Inverter</b>	DOE	Virginia Tech University, National Renewable Energy Laboratory, Oak Ridge National Laboratory
<b>Cummins High Efficiency, Ultra Low Emissions Heavy-Duty 10L Natural Gas Engine Project</b>	DOE	
<b>High Power Wireless Extreme Fast Charging Development and Deployment for Electric Drayage Trucks at the Port of Los Angeles</b>	DOE	

PROJECT NAME	SPONSOR	PARTNERS
<b>Development of Advanced Combustion Strategies for Direct Injection of Heavy-Duty LPG Engines to Achieve Near-Diesel Engine Efficiency</b>	DOE	
<b>High Efficiency, Ultra Low Emissions Heavy-Duty Natural Gas Engine Research and Development</b>	DOE	
<b>Automation of Solid Oxide Electrolyzer Cell and Stack Assembly</b>	DOE	NA
<b>Integrated Fuel Cell Electric Powertrain Demonstration</b>	DOE	Navistar, GILLIG, Stark Area Regional Transit Authority (SARTA), Werner Enterprises, CALSTART, Clean Fuels Ohio,
<b>Sustainable Freight Transportation Projects</b>	California Energy Commission (CEC)	University of California, Riverside (UCR); (UCR) Center for Environmental Research and Technology (CE-CERT)
<b>Hydrogen Fuel Cell Truck Technology Integration and Demonstration</b>	CEC	BREATHE Southern California, Zen Clean Energy, UCR/CE-CERT
<b>Advanced Vehicle Manufacturing Facility</b>	CEC	NA
<b>Hydrogen Back-Up Generation Vehicle</b>	CEC	NA
<b>Fuel Cell Hybrid Electric Delivery Van Deployment</b>	DOE, CEC, California Air Resources Board (CARB), South Coast Air Quality Management District (SCAQMD)	NA
<b>Zero Emission Car Transport II (ZECT II) Demonstration</b>	DOE	NA
<b>Design and Deployment of PEM Fuel Cell-Battery Powered Hybrid Emergency Relief Truck</b>	Department of Defense (DOD)	National Renewable Laboratory



**SPECIAL REPORT**

# CUMMINS EMPLOYEES MEET SUPPLY CHAIN CHALLENGES



After a year of navigating unprecedented challenges in 2020 due to the COVID-19 pandemic, Cummins' Supply Chain employees continued their tremendous efforts in 2021, supporting record sales while navigating ongoing global supply constraints.

The complex combination of pandemic-related effects, weather events, fluctuating demand, and disruptions in global parts supplies and transportation impacted most companies, including Cummins. The company's Supply Chain organization worked around the clock to resolve these challenges, meet customer demand and, most importantly, keep Cummins employees safe.

The Cummins Supply Chain organization is responsible for the production and distribution of the company's broad portfolio of power solutions. It includes Cummins' Manufacturing; Purchasing; Planning; Logistics; Quality; and Health, Safety and Environment functions, partnering with teams from across the company (Human Resources, Information Technology, Finance, Legal, Communications and more) to ensure the success of Cummins' global operations.

*Cummins diversity, equity and inclusion efforts extend to the company's supply chain where the company is working to attract more women to the manufacturing function.*

The company's Supply Chain teams total more than 30,000 employees and operate a global network of more than 125 plants, 40 warehouses and a supply base of more than 25,000 suppliers.

## **SUPPORTING RECORD PRODUCTION**

Global supply chain challenges became widespread toward the start of 2021, disrupting virtually every industry and market, impacting Cummins, its customers and the company's suppliers. Cummins' ability to continue navigating the ongoing challenges driven by COVID-19, while also addressing these new challenges, is a testament to employees across the organization.

The ability of Cummins' Supply Chain organization to work collaboratively was critical, as each function brought unique skills that enabled the company to maintain operations at Cummins' manufacturing

## SUPPLY CHAIN //

and distribution sites while supporting the ever-changing needs of both employees and customers.

The company's Purchasing teams worked to manage supply shortages and ensure supplier continuity, especially relating to electronic chip recovery, to ensure Cummins was able to produce and deliver to its customers—particularly after a robust increase in demand in mid-to-late 2020. Throughout 2020 and 2021, these teams were able to reduce the company's list of highly constrained parts by more than half,

creating a more dependable supply network.

With high demand for premium freight, increasing transportation prices and disruptions related to weather and shutdowns, Cummins' Logistics teams developed innovative solutions to ensure the continuity of parts and product delivery to Cummins' customers. For example, they chartered private vessels to bypass backlogs at major ports and with major transportation suppliers and worked to decrease customer backorders. By the end of 2021, Cummins saw record shipments from its warehouses and reduced customer aftermarket backorders by more than 30%—a major shift compared to the industry as a whole since the start of the pandemic.

The good news is that many supply chain constraints and disruptions that impacted Cummins early in the pandemic are either improving or showing signs they are starting to improve, alongside falling COVID-19 rates and the lifting of pandemic health and safety protocols in many regions of the world.

Of course, Cummins is continuing to maintain a flexible approach based on the risk in specific regions—with the recent COVID-19 surge in China, for example, Cummins and

its facilities were able to quickly comply with local shutdowns and regulations.

### NAVIGATING PANDEMIC IMPACTS

When the pandemic hit in early 2020, Cummins' Supply Chain teams worked quickly to support the development of the Safe Work Playbook—a detailed resource that provided step-by-step instructions for working safely during the pandemic and shutting down and restarting operations. Implementing safe work protocols across all plants, warehouses and operations globally was imperative to ensure the continuity of Cummins' operations—sites simply couldn't stop operating. Today, the **Safe Work Playbook**, which is publicly available on cummins.com, is on its 35th revision and has been viewed more than 100,000 times since the start of the pandemic.

The Cummins Manufacturing function installed mask manufacturing lines in three company plants located in Columbus, Indiana. (U.S.); San Luis Potosi, Mexico; and Pune, India. Cummins' mask manufacturing teams would go on to produce and distribute more than 43 million masks. Today, the company has a healthy stockpile and has ceased manufacturing masks with

## SUPPLY CHAIN BY THE NUMBERS

# 43 MILLION

Number of surgical masks produced by the company to help prevent the spread of COVID-19 during the pandemic.

# 20

Number of solar projects worked on at Supply Chain sites across the company in 2021 to add renewable power to Cummins' energy mix.

# 300+

Number of collaborative robots now in place at company locations to enhance safe work practices, productivity, efficiency and product quality.

# 100,000+

Times the company's Safe Work Playbook has been accessed detailing company procedures and practices during pandemic.

### INTRODUCING RENEWABLE POWER

Cummins teams are also working to meet PLANET 2050 goals by identifying opportunities to reduce greenhouse gas (GHG) emissions at Supply Chain sites.

The company, for example, worked on a record 20 solar projects in 2021 to include renewable power in Cummins' energy mix. These ranged from a relatively modest 36-kilowatt peak (kWp) array that was phase 2 of a project at the Cummins Generator Technologies facility in Ahmednagar, India, to a 3,600 kWp array at the Rocky Mount Engine Plant in Rocky Mount, North Carolina (U.S.). When complete, the Rocky Mount array will be the second largest at the company.

Cummins currently has plans for another 18 solar projects in 2022, with a special emphasis moving forward on sites in China and the United States.



## SUPPLY CHAIN //



*Cummins is continuing to make greater use of collaborative robots to enhance safe work practices, productivity, efficiency and product quality within Cummins' manufacturing sites.*

restrictions lifting in many regions of the world. The company continues to make masks available to employees who wish to wear them or for employees at sites located in regions at high risk for COVID-19.

The pandemic also forced Cummins to think in new ways about working safely and effectively in a virtual or socially distanced environment. Technology played an important role in these efforts. For example, the company began using augmented reality remote assist technology—a technology that uses a headset and communications

software to wirelessly connect two or more remote individuals—to conduct employee training, site tours, supplier visits and more. Today, more than 200 devices across dozens of functions at Cummins are using the technology daily.

Another prime example of this was the deployment of collaborative robotics commonly referred to as “cobots.” These robots work alongside and interact with humans in a shared workspace—to enhance safe work practices, productivity, efficiency and product quality within Cummins' manufacturing sites. While the company was already implementing cobots before the pandemic, these efforts were expedited, and Cummins now has more than 300 cobots supporting dozens of manufacturing capabilities across sites globally.

### LOOKING AHEAD

Today, Cummins' Supply Chain teams are continuing to work on creating a more flexible, resilient and sustainable supply chain, focused on the company's future growth.

The teams have developed a process for ensuring the appropriate revision or removal of the company's COVID-19 protocols, tracking

risk levels to ensure employee safety remains a top priority. They are also establishing regular plant efficiency reviews to drive enhanced flexibility and identify opportunities to reduce costs where possible.

The teams are also implementing a new risk assessment process, driving a robust supply recovery process to recover remaining constrained parts, and identifying opportunities to reduce logistics and transportation disruptions—among others.

As Cummins' New Power business segment continues to expand, the company's supply chain must also adjust to support the changes in product technology driven by the company's Destination Zero and PLANET 2050 goals to go further, faster to reduce greenhouse gas (GHG) and the air quality impacts of Cummins' products.

The company's Supply Chain strategy team has been engaged in scaling up Cummins' supply base and manufacturing capacity to support these goals and deliver increased demand volume for several New Power products globally. This work is currently focused on supporting deployment of new manufacturing plants supporting New Power products in China, Spain and North America over the next two to three years.

The past two years have been an important reminder that today's supply chain is changing more rapidly and facing more challenges than at any time in the recent past. And people have learned the critical role supply chains play in their daily lives. Cummins has long been grateful for those working in these critical roles at the company, but especially now.

### EYES OPEN AUDITS

Cummins is also committed to ensuring human rights are respected throughout its supply chain, both inside and outside the company.

One way is through the visits Cummins personnel make to outside suppliers to check on a particular contract. These Cummins employees, most often Purchasing personnel, are trained to perform Eyes Open Audits where they look for signs of such things as human trafficking and child labor as they check on a supplier's work.

As part of the Eyes Open Audits, Cummins employees also look for potential health and safety issues as well as environmental problems.

The pandemic has severely limited travel to outside suppliers by Cummins personnel, but leaders are hopeful they will increase in 2022. In 2019, the last full year before the start of the pandemic, company employees performed nearly 400 Eyes Open Audits.





*RemoteConnect allows technicians in the field to collaborate with experts remotely to address customer challenges.*

# CUMMINS GOES HIGH TECH TO SUPPORT CUSTOMERS

Innovation and technology drive every segment and function at Cummins, including how the company supports its customers.

As the world becomes faster and more digital, customers expect the support they receive to be convenient, and in many instances accessible at their fingertips. PrevenTech Mining® and RemoteConnect are two examples of Cummins' increasing use of digital solutions to support customers, seamlessly integrating live expert support to provide customized recommendations using big data, artificial intelligence, advanced analytics and the growing network of interconnected devices embedded with software and other technologies.

## PREVENTECH INCREASES UPTIME

PrevenTech Mining® is a digital solution that turns noise into action by monitoring engine data remotely and providing early detection and diagnosis of equipment issues. PrevenTech Mining® has resulted in increased performance, reliability, safety, operational efficiency and uptime.

Today, PrevenTech is monitored by a dedicated, globally located team observing multiple market segments 24 hours a day, seven days a week. These agents are highly skilled on the Cummins products they monitor, assisting customers with complex field issues and providing them with quality and

## ACCESSING CUSTOMER SUPPORT

Cummins Care, the company's primary customer support function, can be reached in several ways:

**BY PHONE:** 1-800-CUMMINS (North America)

**ON THE WEB:** [care.cummins.com](https://care.cummins.com)

**BY EMAIL:** Access via website. Responses within 24 hours.

**BY CHAT:** See website.

## CUSTOMER SUPPORT //

development alerts. Agents are a conduit into engineering support for emerging technical issues, mitigation strategies and product development.

The results are remarkable. Cummins agents respond to previously undetectable failure modes prior to a mission-disabling event by utilizing the power of big data analysis, live telematics as well as their vast experience to detect a failure mode in its earliest stages. They can alert customers to intervene prior to progressive damage due to continued operation.

### GLOBAL CONTACT CENTER SEES INCREASES 2020 TO 2021



As economic activity picked up after a pandemic-slowed 2020, the Cummins customer contact center saw a clear increase in activity.

ACTIVITY	2020	2021
<b>Calls</b>	1.5M	2.26M
<b>E-Chats</b>	60,344	76,627
<b>Emails</b>	NA	309,433

### INCREASING ACCESS TO EXPERTS

Originally limited to North America, RemoteConnect has been tested and certified in 27 countries globally, enabling business continuity, and allowing Cummins' subject matter experts and field users the ability to provide seamless support to customers.

Each RemoteConnect kit uses over-the-air technologies on a private global network to connect an expert within Cummins Care, the company's primary customer support function, with a technician in the field wearing special audio-video glasses from the kit that include a remote camera. The glasses allow the expert to see what the technician is seeing in real time, enabling both to collaborate to resolve an issue.

Use of RemoteConnect has expanded beyond customer support. The technology is now being used by other functional groups within engineering at the company for vehicle integration and product development, as well as validation and quality control.

RemoteConnect continues to show improved repair efficiency, less customer downtime and improved satisfaction. The kits have now been placed in over 500 Cummins global locations.

The tool was especially helpful during the COVID-19 pandemic over the last two years with company travel restricted. Cummins learned there can be efficient and effective ways to support customers without necessarily sending an expert into the field.

## A SUSTAINABLE SOLUTION TO TRAINING

As global restrictions associated with the pandemic impeded Cummins' capacity to provide in-person technical training for its employees, the company created a more sustainable solution.

Through instructor-led training delivered remotely, Cummins trained four to six times the number of technicians compared to in-person, instructor-led classes.

The company built a training delivery network with more than 59 remote training kits deployed globally (28 within North America). The kits included tri-pod mounted cameras and smart glasses providing multiple angles of view throughout the virtual training experience.

Students can control two separate tripod mounted cameras with zoom capabilities providing a remote experience with close and wide-angle views as needed. Using the kits, students learned virtually with remote control and navigation of Cummins' service information and diagnostic tools like **QuickServe Online**, **Cummins INSITE**, **Guidanz**, and **InPower**.

Along with the launch of Cummins' remote instructor led classes, the company offered multiple levels of training for its full-service distributor and dealer locations.

Four levels of training provided warranty capabilities aligned with technician-experience levels. As a technician's role progresses, Cummins provided the right training at the right time, enabling an efficient and accurate repair on Cummins products.

Distributors and dealers could take advantage of a tailored training plan specific to their technicians and the work performed at a particular service location. They could also expand their Cummins service capabilities by training additional technicians on company products without the requirement of travel.

## CUSTOMER SUPPORT BY THE NUMBERS

# 500+

*RemoteConnect kits certified and deployed in 27 countries. Prototypes are being tested in other strategic locations. Use of the tool is expanding to other Cummins functions.*

# 365

*Days per year PrevenTech is monitored by a global team of highly skilled experts to assist with complex issues in the field across multiple global market segments, 24-hours per day.*

# 4,927+

**Hours of total customer downtime saved in 2021 using RemoteConnect support.**

# 985,000

*Travel expenses avoided in dollars in 2021 due to use of RemoteConnect.*



## **ROBUST RECOVERY FOLLOWS PANDEMIC'S CHALLENGES**

**A strong economic recovery combined with high demand for company products resulted in record full-year revenues for Cummins in 2021.**

Cummins' revenues were \$24 billion in 2021, 21% higher than 2020. Company sales in North America increased 17% and international revenues increased 27%. Sales increased in all major regions compared to 2020, which was severely impacted by the height of the COVID-19 pandemic.

EBITDA for the year was \$3.5 billion (14.7% of sales) compared to \$3.1 billion (15.7% of sales) in 2020. Net income attributable to Cummins for the full year was \$2.1 billion (\$14.61 per diluted share), compared to net income of \$1.8 billion (\$12.01 per diluted share) in 2020. The tax rate for 2021 was 21.3%.

In announcing the results in February, Cummins Chairman and CEO Tom Linebarger said supply chain constraints contributed to lower than expected margins, but he was optimistic those constraints would lessen over time. He was also optimistic about the future and Cummins' efforts to lead on climate action.

"The transition to low-carbon power across industries will be a significant driver in the fight against climate change and will require a broad mix of innovative technologies to achieve these goals," Linebarger said. "This decarbonization effort represents a significant growth opportunity for Cummins as many of our OEM partners and end customers look to achieve their climate goals, while still having power solutions that fulfill their needs. Cummins' key capabilities uniquely position us to lead in the transition to zero emissions."



*Cummins Chairman and CEO Tom Linebarger meets with the media in Spain in May 2021 after announcing the company would build one of the world's largest electrolyzer manufacturing plants in that country.*



**FINANCIAL //**

There were numerous highlights over the year, according to company officials, including:

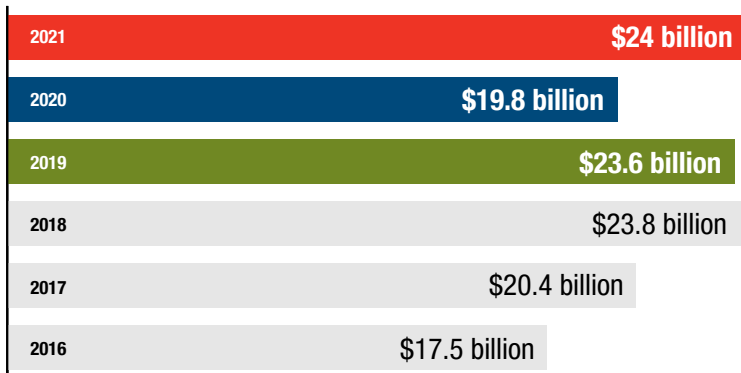
- Cummins announced it will bring to market a 15-liter natural gas engine for heavy-duty trucks. The 15-liter natural gas engine is an important part of Destination Zero, Cummins' strategy for decarbonizing the markets it serves. The strategy focuses on reducing carbon from the technologies that are widely available today, while investing in the infrastructure capabilities and technologies with the potential to reach zero emissions.

**LEARN MORE**

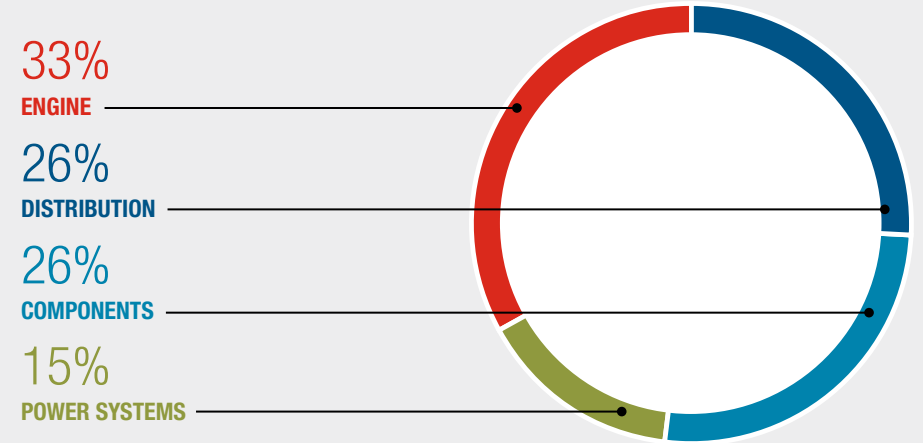
To learn more, see *Cummins' Annual Report on Form 10K*, the definitive source for financial information about the company.

- Cummins and Sinopec announced the formation of a 50:50 joint venture, Cummins Enze, to accelerate the affordability and availability of no-carbon green hydrogen in China. The joint venture will invest in an electrolyzer plant with annual capacity starting at 500 megawatts in 2023, and scalable to one gigawatt within five years after completion.
- In response to the COVID-19 pandemic, the company launched an aggressive global effort to acquire vaccines and provide them onsite or near to employees, their families and other stakeholders. By partnering with governments and health care providers, Cummins facilitated the delivery of over 45,000 doses of approved vaccines.
- Cummins was named to the Dow Jones World Sustainability Indices, which includes the most sustainable companies around the world. The company received the Terra Carta Seal from Prince Charles for Cummins' leadership on environmental sustainability.

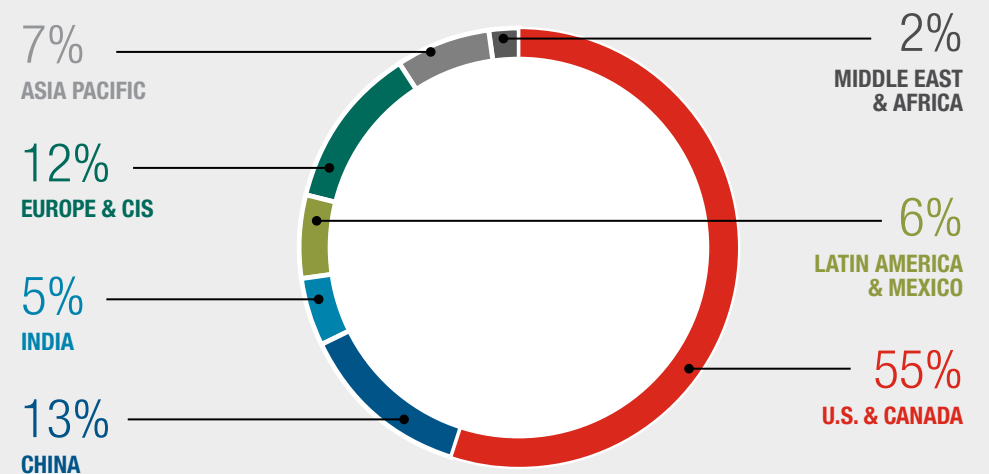
**CUMMINS SALES BY YEAR**



**2021 REVENUE BY SEGMENT**



**2021 REVENUE BY MARKETING TERRITORY**

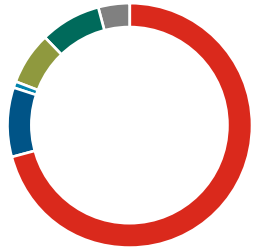


NOTE: Charts based on revenue before intersegment eliminations.

FINANCIAL //

ENGINE BUSINESS

2021 REVENUE BY REGION



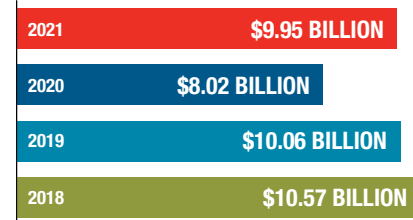
71% US & CANADA  
9% CHINA  
1% INDIA  
7% LATIN AMERICA & MEXICO  
8% EUROPE/CIS  
4% ASIA PACIFIC

2021 REVENUE BY APPLICATION



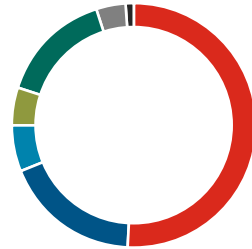
34% HEAVY-DUTY TRUCK  
28% MEDIUM-DUTY TRUCK & BUS  
19% LIGHT-DUTY AUTOMOTIVE  
19% OFF-HIGHWAY

SALES



COMPONENTS

2021 REVENUE BY REGION



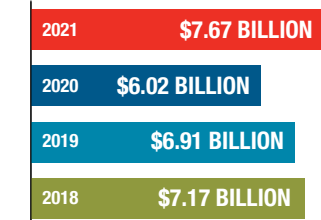
51% US & CANADA  
18% CHINA  
6% INDIA  
5% LATIN AMERICA & MEXICO  
15% EUROPE/CIS  
4% ASIA PACIFIC  
1% MIDDLE EAST & AFRICA

2021 REVENUE BY BUSINESS



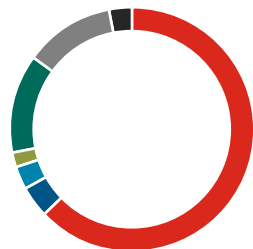
45% EMISSION SOLUTIONS  
18% TURBO TECHNOLOGIES  
19% FILTRATION  
12% FUEL SYSTEMS & ELECTRONICS  
6% AUTOMATED TRANSMISSIONS

SALES



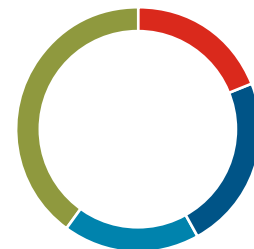
DISTRIBUTION

2021 REVENUE BY REGION



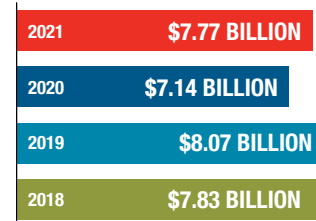
63% US & CANADA  
4% CHINA  
3% INDIA  
2% LATIN AMERICA & MEXICO  
13% EUROPE/CIS  
12% ASIA PACIFIC  
3% MIDDLE EAST & AFRICA

2021 REVENUE BY PRODUCT



19% ENGINES  
23% POWER GENERATION  
18% SERVICE  
40% PARTS

SALES



POWER SYSTEMS

2021 REVENUE BY REGION



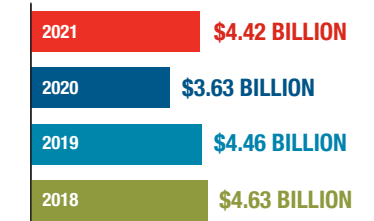
34% US & CANADA  
16% CHINA  
10% INDIA  
7% LATIN AMERICA & MEXICO  
16% EUROPE/CIS  
9% ASIA PACIFIC  
8% MIDDLE EAST & AFRICA

2021 REVENUE BY PRODUCT



53% POWER GENERATION  
18% INDUSTRIAL  
8% GENERATOR TECHNOLOGIES  
21% PARTS

SALES



# 2021 SUSTAINABILITY PROGRESS REPORT

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