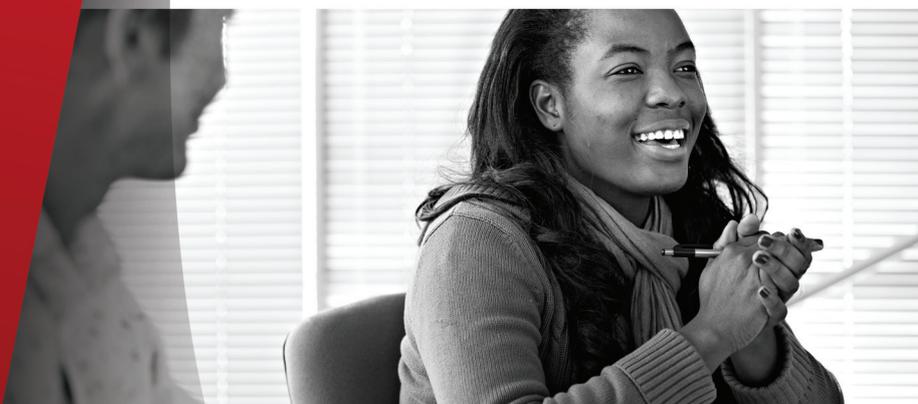




2018 GENDER PAY GAP REPORT

*Cummins
in the UK*





2018 GENDER PAY GAP REPORT



Cummins in the UK

Diversity and inclusion have been a part of Cummins' core values for more than 40 years, dating back to our CEO J. Irwin Miller who led the company from 1947 to 1977. Miller believed that character, ability, and intelligence are not concentrated in one gender over the other. When we indulge ourselves in irrational prejudices, we damage ourselves most of all and ultimately assure ourselves of failure in competition with those more open and less biased.

Today, Cummins employees embody the company's philosophy of diversity in everything they do. We have continued to work on initiatives to increase the representation of women within the business, and bring greater gender balance into our workforce at all levels across Cummins in the UK.

Our analysis shows we have a gender pay gap in our Cummins UK companies. There are some factors that influence this, as mentioned in our 2017 report, including having fewer women in senior management roles and lower proportions of women within engineering roles.

The mean and median gaps show a widening from our 2017 results. We have provided some commentary in this report about why this may be the case. While we recognise our figures might not always show linear improvement, we remain committed to gender diversity and balance within our company.

This report outlines our commitment to gender balance and diversity, and the steps we are taking to address this - in all our UK entities. We are working hard to narrow our gender pay gap. I acknowledge the data in this report is accurate and complete.

Antonio

Antonio Leitao

Vice President – Cummins Europe Area Business Organisation



OUR CORE 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

What is the GENDER PAY GAP?



THE GENDER PAY GAP IS A MEASURE WHICH SHOWS THE PERCENTAGE DIFFERENCE IN AVERAGE EARNINGS BETWEEN WOMEN AND MEN. THE GENDER PAY GAP IS IMPACTED BY A NUMBER OF FACTORS, INCLUDING THE DISTRIBUTION OF GENDERS AT DIFFERENT LEVELS WITHIN A COMPANY.

THE GENDER PAY GAP IS NOT THE SAME AS EQUAL PAY

Equal pay for equal work is ensuring that men and women are paid the same amount for the same work. Cummins is committed to equal pay, we apply the same processes and decisions relating to pay and benefits regardless of gender.

An organisation can have equal pay and still have a gender pay gap. If there are more men than women in senior roles, and similar numbers of men and women in junior roles then this will result in a gender pay gap, even when both genders are paid the same for the same role.

MEAN PAY GAP

The mean gender pay gap is the difference in the average hourly pay for all women compared to all men.

MEDIAN PAY GAP

The median identifies the middle point of a population. The median pay gap is the gap between the hourly pay rate for a woman at the mid-point, compared to the pay rate of a man at the mid-point.



Cummins in the UK RESULTS



WHEN LOOKING AT OUR TOTAL UK WORKFORCE, OUR 2018 GENDER PAY GAP RESULT LOOKS LIKE THIS:

GENDER PAY GAP

The mean pay for men is **3.2%** higher than that of women. The median pay for men is **7.3%** higher than that of women. This has been driven by an increase in the percentage of women in the lower quartile.

In comparison, the national gender pay gap across all companies in the UK shows the median pay for men to be **17.9%** higher than that of women.*

GENDER BONUS PAY GAP

The mean bonus pay for women is **4.9%** higher than that of men.

The median bonus pay for women is **2.2%** higher than that of men.

PROPORTION OF ALL CUMMINS EMPLOYEES IN THE UK RECEIVING A BONUS**

Males: **92.3%** 2017 WAS 94.9% Females: **93.6%** 2017 WAS 97.6%

MEAN AND MEDIAN PAY AND BONUS GAP

YEAR	MEAN		MEDIAN	
	2017	2018	2017	2018
Gender Pay Gap	2.1%	3.2%	2.3%	7.3%
Gender Bonus Gap	-3.2%	-4.9%	-5.3%	-2.2%



COMMENTARY

Our mean and median gender pay gaps show a widening since our 2017 report. The largest increases in our female headcount have been in the entry levels of the organisation, which is reflected in the quartile figures reported. The proportion of females in the top quartile has also seen a slight increase. We are working hard on our hire-to-develop initiatives which include placement student and graduate recruitment. Overall, the population of female employees has increased by 13% from 2017 to 2018.

PAY QUARTILES

By dividing the workforce into four equal sized groups based upon hourly pay rates, the quartiles represent the pay rates from the lowest to the highest hourly rates, with the percentage of women and men in each quartile.

*AS REPORTED BY THE OFFICE OF NATIONAL STATISTICS

**REFER TO PAGE 7 FOR MORE INFORMATION ON EMPLOYEE BONUS

A NEGATIVE SHOWS THAT WOMEN EARN ON AVERAGE MORE THAN MEN
CUMMINS SNAPSHOT DATA TAKEN ON 5TH APRIL 2018

THE RESULTS FOR EACH OF OUR UK ENTITIES CAN BE SEEN ON PAGE 7

QUARTILES	MALES	FEMALES
Upper	82.1% <small>2017 WAS 82.4%</small>	17.9% <small>2017 WAS 17.6%</small>
Upper Middle	85.8% <small>2017 WAS 84%</small>	14.2% <small>2017 WAS 16%</small>
Lower Middle	83.9% <small>2017 WAS 84.3%</small>	16.1% <small>2017 WAS 15.7%</small>
Lower	75.3% <small>2017 WAS 78.8%</small>	24.7% <small>2017 WAS 21.2%</small>

Our COMMITMENT



To address the gender balance, and increase the proportion of women across the entire business, we must continue to maintain an inclusive environment, where everyone can achieve their potential. We do this by keeping our core value of diversity and inclusion at the heart of what we do.

GENDER EQUALITY – THE WIDER ISSUE

In March 2018 Cummins launched the **Cummins Powers Women Programme** to accelerate the advancement of women and girls around the world. The company's most ambitious community initiative ever, represents a multi-million-dollar investment designed to create large-scale impact in the lives of women and girls globally.

Cummins is focused on fixing problems at a root-level, finding answers that will yield the greatest impact for women and girls to unlock their full power, by partnering with a number of non-profit organisations in our regions and local communities. In the UK Cummins is partnering with Rosa, the first and only UK-wide women's fund working for equality and justice for all women and girls.



CHANGING MINDSETS

Within Cummins we have seen our sites lead the way, sparking discussion about the importance of gender balance. Cummins hosted its first Women's Conference, in the North East of England, aimed at driving the personal development of its staff and enabling them to develop their strengths, to fulfil their full potential. Over 170 women and men attended the day-long event, with staff from all departments, from the shop floor and the office, to management, attending from two Cummins sites - Darlington and Stockton. The event followed the success of a European-wide Cummins Women's Conference held in Brussels, Belgium, the previous year.

Employee Resource Groups across our sites help to encourage and develop women, working together with male colleagues to address gender issues.

ADDRESSING THE PIPELINE

In order to improve the talent pipeline of females into technical industries in the UK, Cummins has been investing in a number of Science, Technology, Engineering, and Maths (STEM) schemes. Engaging girls and boys in fun activities with technical challenges and problems enables them to gain understanding of what it might be like to one-day work in an engineering company.

We are also raising the profile of women in manufacturing and engineering working with UK Government. Susan Henry, Director of Calibration Development at Cummins, recently spoke in the UK Parliament to highlight the importance of getting more women into technical and engineering roles.

INITIATIVES

Cummins launched its **RePower** scheme, a return to work programme for engineering professionals who have taken a career break and would like to get back into work. The six-month paid returner placement programme provides employees with projects that match their specialist expertise, interests, and abilities – whilst applying a strong focus on training, coaching and development, and networking events.

We have launched the Springboard Initiative, delivering a personal development programme for women. It covers both professional and personal development, providing a safe and confidential environment in which to discuss and address relevant issues.





DAWN WHITING
PRODUCT PLANNING MANAGER - TECHNICAL

"I started my career at Cummins 20 years ago as an apprentice, today I work on the development of our new products. I realised I have a responsibility to showcase my role to the younger generations, if children have an interest in STEM and want to get into engineering I have an obligation to be a role model. I regularly go into schools and talk about my career, they are surprised about how exciting my role is, travelling to different countries and even securing a patent! You naturally hear more about male scientists and inventors, when I realised that I thought I need to make a change. Cummins does a great job of engaging with schools and inspiring the next generation of engineers."

AMANDA SCOTT
HUMAN RESOURCES MANAGER

"I started with Cummins as a placement student in 2001, and returned after graduating in 2004. Since then I have been based at different sites across the UK, working in different divisions and holding many varied roles. I've had a number of different working arrangements over the years, all based upon circumstances at the time in respect to both my responsibilities and my personal life. These arrangements have included part-time, condensed hours, flexi-time and home-working. I am full-time again now and regularly work from home. My husband has also been able to work flexibly with his employer, which has meant we can both have a balanced share of childcare arrangements during the working week. This has definitely helped as I have progressed in my career at Cummins."



ABHIVEER FACKNAT
PRODUCT SUPPORT PLACEMENT STUDENT

"Diversity and inclusion is part of who we are at Cummins and that reflects in the working environment we have; where all opinions are included and differences valued as a strength. Having led a gender inclusion day event at the Darlington site has really inspired me to be a champion of diversity and inclusion. Such initiatives are important as we can often be content with the status quo, but there is still a lot to achieve – and everyone should get involved! For me having gender equality and balance is the right thing; girls should no longer perceive that some roles are not for them and no one should have their prospects impacted by unconscious bias and stereotyping. It is important to reach out to young people and provide them with role models to show them that the manufacturing and engineering industry is not gender limited."



Breaking Down the RESULTS BY ENTITY



STATUTORY DISCLOSURE

The Gender Pay Reporting regulations require legal entities with more than 250 employees to provide entity-specific data. Cummins has four legal entities in the UK, three of which meet this criteria. We have voluntarily published for our recently acquired business, Cummins Electrified Power Europe Ltd., which has less than 250 employees. The following information illustrates the data which is also available on the UK Government Gender Pay Reporting website.

CUMMINS LTD. AT 5 APRIL 2018 – TOTAL EMPLOYEES 4207

GENDER PAY GAP

MEAN	MEDIAN
0.2%	4.7%

GENDER BONUS GAP

MEAN	MEDIAN
-11.3%	-2.8%

PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE

QUARTILES	MALES	FEMALES
Upper	80.2%	19.8%
Upper Middle	86.8%	13.2%
Lower Middle	84.6%	15.4%
Lower	76.3%	23.7%

*PROPORTION OF EMPLOYEES RECEIVING A BONUS
Males: 92.1% Females: 93.6%

**CUMMINS GENERATOR TECHNOLOGIES LTD. AT 5 APRIL 2018 – TOTAL EMPLOYEES 510

GENDER PAY GAP

MEAN	MEDIAN
14%	12.2%

GENDER BONUS GAP

MEAN	MEDIAN
1.9%	-13.1%

PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE

QUARTILES	MALES	FEMALES
Upper	89.1%	10.9%
Upper Middle	91.6%	8.4%
Lower Middle	84.9%	15.1%
Lower	67.8%	32.2%

*PROPORTION OF EMPLOYEES RECEIVING A BONUS
Males: 99.8% Females: 98.8%

**CUMMINS POWER GENERATION LTD. AT 5 APRIL 2018 – TOTAL EMPLOYEES 278

GENDER PAY GAP

MEAN	MEDIAN
19.2%	27.7%

GENDER BONUS GAP

MEAN	MEDIAN
40.9%	27.6%

PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE

QUARTILES	MALES	FEMALES
Upper	85.5%	14.5%
Upper Middle	85.5%	14.5%
Lower Middle	75.4%	24.6%
Lower	57.4%	42.6%

*PROPORTION OF EMPLOYEES RECEIVING A BONUS
Males: 99.1% Females: 100%

CUMMINS ELECTRIFIED POWER EUROPE LTD. AT 5 APRIL 2018 – TOTAL EMPLOYEES 55

GENDER PAY GAP

MEAN	MEDIAN
1.4%	14.5%

PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE

QUARTILES	MALES	FEMALES
Upper	92.9%	7.1%
Upper Middle	84.6%	15.4%
Lower Middle	76.9%	23.1%
Lower	84.6%	15.4%

*PROPORTION OF EMPLOYEES RECEIVING A BONUS
Males: 2.2% Females: 0%

CUMMINS SNAPSHOT DATA TAKEN ON 5TH APRIL 2018

*CUMMINS OPERATES A GLOBAL BONUS PROGRAMME FOR ALL EMPLOYEES. IN ORDER TO BE ELIGIBLE FOR OUR COMPANY BONUS, EMPLOYEES MUST BE EMPLOYED BY CUMMINS PRIOR TO 1ST JANUARY, AS BONUS RELATES TO COMPANY FINANCIAL PERFORMANCE FOR THE PREVIOUS CALENDAR YEAR.

**CUMMINS POWER GENERATION AND CUMMINS GENERATOR TECHNOLOGIES HAD SIGNIFICANT MANUFACTURING RESTRUCTURING WHICH HAS HAD A MORE SIGNIFICANT IMPACT UPON THE GENDER PAY AND BONUS GAPS.