

## W0. Introduction

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### W0.1

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**(W0.1) Give a general description of and introduction to your organization.**

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 range from diesel, natural gas, electric and hybrid powertrains and powertrain-related components including 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. Headquartered in Columbus, Indiana (U.S.), since its founding in 1919, Cummins employs approximately 57,800 people committed to powering a more prosperous world through three global corporate responsibility priorities critical to healthy communities: education, environment and equality of opportunity. Cummins serves its customers online, through a network of company-owned and independent distributor locations, and through thousands of dealer locations worldwide and earned about \$1.8 billion on sales of \$19.8 billion in 2020.

### W0.2

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**(W0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date
Reporting year	January 1 2020	December 31 2020

### W0.3

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**(W0.3) Select the countries/areas for which you will be supplying data.**

Angola  
Argentina  
Australia  
Belgium  
Bolivia (Plurinational State of)  
Botswana  
Brazil  
Canada  
China  
Colombia  
Costa Rica  
Czechia  
El Salvador  
France  
Germany  
Ghana  
Honduras  
India  
Ireland  
Italy  
Japan  
Kazakhstan  
Malaysia  
Mexico  
Mongolia  
Morocco  
Mozambique  
Netherlands  
New Zealand  
Nigeria  
Norway  
Panama  
Papua New Guinea  
Philippines  
Poland  
Republic of Korea  
Romania  
Russian Federation  
Saudi Arabia  
Serbia  
Singapore  
South Africa  
Spain  
Turkey  
United Arab Emirates  
United Kingdom of Great Britain and Northern Ireland  
United States of America  
Zambia

**W0.4**

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**(W0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

**W0.5**

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**(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.**

Companies, entities or groups over which operational control is exercised

**W0.6**

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**(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?**

No

**W1. Current state**

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## W1.1

### (W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Important	Drinking quality water is needed to support employee needs, and if the necessary quality is not available we do have the ability to treat onsite. Indirectly our needs are mainly associated with the process of providing raw materials for our production.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	Water is necessary for operation, without water we cannot operate; however, the source and quality of the water is flexible depending upon process, and we do have treatment capability to obtain necessary quality level. Cummins doesn't withdraw brackish / seawater directly for our processes or sanitation needs. Cummins uses recycled water to offset the use of fresh water, hence making it important to reduce the water withdrawn. Cummins also treats wastewater in some cases to a reuse quality for non-potable uses.

## W1.2

### (W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Cummins has tracked this aspect globally since 2008. All the facilities that are subscribed to Cummins Enterprise Environmental Management System (this includes all Cummins managed facilities and 50:50 non-managed Joint Venture Operations) regularly measure, monitor and report this aspect. The total volume of water withdrawn at each site is calculated as the sum of primary metrics for water supplied from utility providers, Cummins-owned wells, stormwater and rainwater harvesting, water hauled from offsite and water supplied from other sources.
Water withdrawals – volumes by source	100%	There are five water withdrawal by source indicators in Cummins environmental tracking system. 1) Water from Cummins Owned Well 2) Water supplied from other sources 3) Water Supplied from Public/Private Utility 4) Water trucked/hauled from offsite 5) Stormwater/Rainwater Harvesting for On-site Use.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	Not monitored	While Cummins does not collect water quality data at a corporate level, there is a corporate requirement that all sites either analyze or review analysis by the water provider to ensure adequate water quality is met.
Water discharges – total volumes	100%	Similar to water withdrawal, Cummins also tracks water discharges from all global facilities subscribed to Cummins Enterprise EMS and 50:50 Joint Venture operations. The categories tracked include: 1) Industrial process and sanitary waste water discharged to public/private treatment works, 2) Onsite treated water released to (a) Surface waters/streams, (b) Underground (e.g. septic leach field, sub surface injection), (c) Irrigation, 3) Treated/untreated wastewater trucked offsite. 4) Waste Water Treated On-site Reused in On-site Process. Cummins also tracks 1) Fire testing water discharged to environment and 2) Fresh water used for landscape irrigation.
Water discharges – volumes by destination	100%	The categories tracked by destination include: 1) Industrial process and sanitary waste water discharged to public/private treatment works, 2) Onsite treated water released to (a) Surface waters/streams, (b) Underground (e.g. septic leach field, sub surface injection), (c) Irrigation, 3) Treated/untreated wastewater trucked offsite. 4) Waste Water Treated On-site Reused in On-site Process. Cummins also tracks 1) Fire testing water discharged to environment and 2) Fresh water used for landscape irrigation.
Water discharges – volumes by treatment method	Less than 1%	Cummins tracks the destination of discharges from its facilities but has not yet established metrics for treatment type in its environmental management system. Cummins facilities adhere to all discharge requirements for each discharge destination.
Water discharge quality – by standard effluent parameters	Less than 1%	Facilities track their water discharge quality data for effluent. While this data is not summarized at the corporate level, Cummins does track exceedances of water quality criteria and offer support as necessary. Cummins is currently working on Global Water Standards that would potentially require discharge quality data to be tracked and rolled up at various organizational levels.
Water discharge quality – temperature	Not monitored	While Cummins does not collect water discharge quality data at a corporate level, all sites are required to comply with any regulations regarding discharge. If temperature is a regulated component the site would be required to monitor and report exceedances. Discharge violations are tracked at a corporate level, along with corrective actions for each.
Water consumption – total volume	100%	For analyzing the amount of water that is used but not returned to its original source, Cummins tracks: 1) Evaporative losses (cooling towers, etc.) and 2) Water used in product for sale.
Water recycled/reused	100%	Cummins facilities track industrial and sanitary waste water treated on-site reused in on-site process.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Drinking quality water is needed to support employees and is therefore important for Cummins. If water of the requisite quality is not available, Cummins has the ability to treat water onsite. Sanitation facilities are available for employees at every site.

## W1.2b

**(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?**

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	2923.3	Lower	In 2020, total water withdrawals decreased by 14% on an absolute basis as compared to 2019. The change in the intensity of water withdrawal, normalized to hours worked, was negligible. The change was categorized as "lower" in comparison with the previous reporting year because the difference was greater than 5% but less than 15%.
Total discharges	1962.5	Much lower	The amount of water discharged by Cummins in 2020 decreased by 19% on an absolute basis as compared to 2019. Normalized to hours worked, however, discharge decreased by 6%. The categories tracked include: 1) Industrial process and sanitary waste water discharged to public/private treatment works, 2) Onsite treated water released to (a) Surface waters/streams, (b) Underground (e.g. septic leach field, sub surface injection), (c) Irrigation, 3) Treated/untreated wastewater trucked offsite and 4) Landscape irrigation. The change was categorized as "much lower" in comparison with the previous reporting year because the difference was greater than 15%.
Total consumption	689.9	Much lower	Total water consumption includes evaporation losses and water used in products for sale. Water consumption decreased by 18% in 2020 compared to 2019. Consumption intensity decreased by approximately 5%, normalized to hours worked. The change was categorized as "much lower" because the difference from the prior reporting year was greater than 15%.

**W1.2d**

**(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.**

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	26-50	Lower	Other, please specify (WRI Aqueduct and Maplecroft Risk Tool)	Cummins uses both historical data from the WRI Baseline Water Stress (RAW) and an assessment tool developed around water stress and water quality risk data from Maplecroft. The Maplecroft tool provides local water stress and water quality indices based on a facility's longitude and latitude. This score is paired with relevant site-specific information to determine the water risk at any given site. The proportion of water withdrawn from water stressed areas by Cummins in 2020 was estimated to be 43%. The change was categorized as "lower" in comparison with the previous reporting year because the difference was greater than 5% but less than 15%.

**W1.2h**

**(W1.2h) Provide total water withdrawal data by source.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	1.5	Much lower	Cummins facilities don't extract water directly from fresh surface water for sanitation or process needs. However, there could be indirect supply through the public/private utilities or trucked water that may be extracted from fresh surface water. Several Cummins facilities have on-site rainwater harvesting systems in place but only a few sites (primarily in India, the United Kingdom, Brazil and Mexico) use this for on-site purposes. The 1.5 megaliters of fresh surface water withdrawn in 2020 are from rainwater only. The change was categorized as "much lower" in comparison with the previous reporting year because the difference was greater than -15%.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	Cummins facilities don't withdraw water from brackish surface/seawater for any sanitation or process needs.
Groundwater – renewable	Relevant	165.3	About the same	The amount of water withdrawn from Cummins owned wells in 2020 was 1% less than in the prior year. The change was categorized as "about the same" because the difference was not greater than 5%.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	Cummins facilities don't withdraw water from non-renewable ground water sources.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	Not applicable for Cummins as it is not in the oil and gas industry.
Third party sources	Relevant	2756.5	Lower	The amount of water withdrawn from third party sources in 2020 was 14% less than in the prior year. The change was categorized as "lower" in comparison with the previous reporting year because the difference was between -5% and -15%.

**W1.2i**

**(W1.2i) Provide total water discharge data by destination.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	49.4	Much lower	The quantity of water treated onsite or used for fire testing and discharged to surface water decreased by 23% in 2020 as compared to the prior year. The change was categorized as "much lower" in comparison with the previous reporting year because the difference was greater than -15%.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	Cummins does not have any facilities that report discharges to brackish surface water sources.
Groundwater	Relevant	367.4	Much lower	The discharge of industrial and sanitary waste water treated on-site and released directly (e.g. septic leach field, sub-surface injection) or indirectly (i.e. irrigation) to the subsurface decreased by 22% in 2020 compared to the prior year. The change was categorized as "much lower" in comparison with the previous reporting year because the difference was greater than -15%.
Third-party destinations	Relevant	1545.7	Much lower	Industrial and sanitary waste water discharged to public/private treatment works or hauled off-site is included in the third-party destinations total. In 2020, Cummins discharged 18% less waste water to third-party destinations than in 2019. The change was categorized as "much lower" in comparison with the previous reporting year because the difference was greater than -15%.

**W1.2j**

**(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.**

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	<Not Applicable>	A subset of Cummins' facilities engage in tertiary treatment. However, while the destination of discharge is tracked in the company's environmental management system, corporate level metrics for treatment type have not yet been established. As such, the volume of water treated each year using these methods is not known.
Secondary treatment	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	<Not Applicable>	A subset of Cummins' facilities engage in secondary treatment. However, while the destination of discharge is tracked in the company's environmental management system, corporate level metrics for treatment type have not yet been established. As such, the volume of water treated each year using these methods is not known.
Primary treatment only	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	<Not Applicable>	A subset of Cummins' facilities only engage in primary treatment. However, while the destination of discharge is tracked in the company's environmental management system, corporate level metrics for treatment type have not yet been established. As such, the volume of water treated each year using these methods is not known.
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Untreated water is not discharged to the natural environment.
Discharge to a third party without treatment	Relevant	16.8	Much higher	1-10	A subset Cummins' facilities discharge untreated water to a third party. However, while the destination of discharge is tracked in the company's environmental management system, corporate level metrics for treatment type have not yet been established. As such, all of the water sent offsite for reuse or treatment is assumed not to have been treated prior to leaving the facility.
Other	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	<Not Applicable>	Some of Cummins' facilities use reverse osmosis to treat discharge for subsequent reuse onsite. Applications for discharge treated in this manner include non-potable water used to flush toilets and cooling towers associated with industrial processes.

**W1.4**

**(W1.4) Do you engage with your value chain on water-related issues?**

Yes, our suppliers

**W1.4a**

**(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?**

**Row 1**

**% of suppliers by number**

1-25

**% of total procurement spend**

26-50

**Rationale for this coverage**

5 percent by count, 40 percent by spend. CMI has over 4,000 suppliers of productive parts, many are low spend or in areas traditionally considered low risk for water consumption and/or pollution. Therefore, we chose to focus our initial efforts on high spend / high risk suppliers. CMI has focused on 80 of its critical suppliers and has implemented a scorecard for them with water being a component. One of our business units (Components) has additionally done detailed Maplecroft risk analysis with their smaller subset of suppliers, identified the highest water risk ones and asked them to provide more detailed information on their water usage.

**Impact of the engagement and measures of success**

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**Comment**

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**W1.4b**

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**(W1.4b) Provide details of any other water-related supplier engagement activity.**

**Type of engagement**

Innovation & collaboration

**Details of engagement**

Other, please specify (Innovation gateway program)

**% of suppliers by number**

76-100

**% of total procurement spend**

76-100

**Rationale for the coverage of your engagement**

Cummins started a technology gateway project to help identify new technologies for facilities and operations to reduce overall water consumption, All suppliers were asked to participate. We are in the early stages of this program and have implemented some of the technologies found during this process. It is unknown as to how many suppliers actually participated.

**Impact of the engagement and measures of success**

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**Comment**

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**W2. Business impacts**

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**W2.1**

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**(W2.1) Has your organization experienced any detrimental water-related impacts?**

No

**W2.2**

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**(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?**

Don't know

## W3. Procedures

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### W3.3

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#### (W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

### W3.3a

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#### (W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

##### Direct operations

###### Coverage

Partial

###### Risk assessment procedure

Water risks are assessed as a standalone issue

###### Frequency of assessment

Annually

###### How far into the future are risks considered?

More than 6 years

###### Type of tools and methods used

Tools on the market

###### Tools and methods used

WRI Aqueduct

Other, please specify (Maplecroft)

###### Comment

Water risk has been evaluated using a six sigma process that utilized forecast risk data from various organizations such as WRI. The risk projections are through 2025 and using this specific information along with Site specific parameters 31 Priority and Secondary Priority sites were identified. CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft. This risk tool is updated annually with all site scores, we use this analysis to determine site priority list, project prioritization and future goal development and conservation activities.

##### Supply chain

###### Coverage

Partial

###### Risk assessment procedure

Water risks are assessed as a standalone issue

###### Frequency of assessment

Annually

###### How far into the future are risks considered?

1 to 3 years

###### Type of tools and methods used

Tools on the market

###### Tools and methods used

WRI Aqueduct

Other, please specify (Maplecroft)

###### Comment

There were 264 critical suppliers that have been reviewed for water stress. These suppliers will be required to provide a risk mitigation plan for our review. In addition to the six sigma project and the supplier engagement, CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft to be used to evaluate new suppliers.

**Other stages of the value chain**

**Coverage**

Partial

**Risk assessment procedure**

Water risks are assessed as a standalone issue

**Frequency of assessment**

Every two years

**How far into the future are risks considered?**

1 to 3 years

**Type of tools and methods used**

Tools on the market

**Tools and methods used**

WRI Aqueduct

Other, please specify (Maplecroft)

**Comment**

**W3.3b**

**(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?**

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Based on historical data from WRI Cummins has declared Brazil, Mexico, China, India and Africa to all be water stressed regions . We have also developed a tool that uses Water Stress and Water Quality risk data real time from Maplecroft. It provides local water stress index and water quality index based on the longitude and latitude of a facility. Based on this score along with site specific information we can determine the water risk at any site.
Water quality at a basin/catchment level	Relevant, always included	Based on historical data from WRI Cummins has declared Brazil, Mexico, China, India and Africa to all be water stressed regions . We have also developed a tool that uses Water Stress and Water Quality risk data real time from Maplecroft. It provides local water stress index and water quality index based on the longitude and latitude of a facility. Based on this score along with site specific information we can determine the water risk at any site.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Based on historical data from WRI Cummins has declared Brazil, Mexico, China, India and Africa to all be water stressed regions . We have also developed a tool that uses Water Stress and Water Quality risk data real time from Maplecroft. It provides local water stress index and water quality index based on the longitude and latitude of a facility. Based on this score along with site specific information we can determine the water risk at any site. This tool integrates questions regarding local water availability to community residents as well as restrictions on water for a particular facility,
Implications of water on your key commodities/raw materials	Relevant, always included	Based on historical data from WRI Cummins has declared Brazil, Mexico, China, India and Africa to all be water stressed regions . We have also developed a tool that uses Water Stress and Water Quality risk data real time from Maplecroft. It provides local water stress index and water quality index based on the longitude and latitude of a facility. Based on this score along with site specific information we can determine the water risk at any site. This tool integrates questions regarding local water availability to community residents as well as restrictions on water for a particular facility, Suppliers have been assessed and we are focusing on the top 80 suppliers. Our facilities also conduct annual business continuity planning that would include any impacts from suppliers.
Water-related regulatory frameworks	Relevant, always included	Based on historical data from WRI Cummins has declared Brazil, Mexico, China, India and Africa to all be water stressed regions . We have also developed a tool that uses Water Stress and Water Quality risk data real time from Maplecroft. It provides local water stress index and water quality index based on the longitude and latitude of a facility. Based on this score along with site specific information we can determine the water risk at any site. This tool integrates questions regarding local water availability to community residents as well as restrictions on water for a particular facility, Regulatory requirements are always considered in any planning activity.
Status of ecosystems and habitats	Relevant, always included	For high risk sites Cummins has conducted detailed assessments of the watershed that includes health of local ecosystems.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Cummins requires all employees have access to sanitation facilities.
Other contextual issues, please specify	Not considered	

**W3.3c**

**(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?**

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Our life cycle and supply chain assessment conducted as part of the 2020 sustainability plan development concluded that use of our products had minimal water footprint. However, customers would be adversely impacted by interruptions that could occur. Therefore, this stakeholder group is considered by virtue of the focus on business continuity planning.
Employees	Relevant, always included	Employee needs (drinking water and sanitation) represent a base load use that will always exist. Ensuring availability of water for these purposes is critical. Employees are also members of the community where we operate and have also identified responsible environmental performance as key priorities. These factors have been considered in development of our water strategy and program actions.
Investors	Relevant, always included	Cummins Mission includes "creating wealth for all stakeholders". This concept drives us to implement actions that are consistent with long term wealth creation for the company and its shareholders. All risks are evaluated in this context.
Local communities	Relevant, always included	A stated value of Cummins is to "Serve and improve the communities in which we live". This value coupled with the business risk exposure considerations discussed above prompt our actions and goals that are specifically focused on community.
NGOs	Relevant, always included	We do not specifically consider NGOs in our assessment separately from a holistic view of the community. However as part of our Corporate Responsibility approach that is core to the Neutrality objective, we encourage sites to partner with NGOs and create coalitions within the community to execute projects.
Other water users at a basin/catchment level	Relevant, always included	As a result of our community engagement, other water users may be considered (i.e. agricultural uses near our Phaltan site). However, other users are not specifically evaluated, particularly in larger metropolitan areas.
Regulators	Relevant, sometimes included	We do not specifically consider Regulators in our assessment separately from a holistic view of the site processes or community. However as part of our conservation efforts and reuse programs within our facilities, local regulations are considered in development of those projects. In addition as part of the Corporate Responsibility approach that is core to the Neutrality objective, we encourage sites to engage regulators and create coalitions within the community to execute projects.
River basin management authorities	Relevant, always included	We do not specifically consider River Basin management authorities in our assessment separately from a holistic view of the community. However as part of our conservation efforts and reuse programs within our facilities, local regulations are considered in development of those projects. In addition as part of the Corporate Responsibility approach that is core to the Neutrality objective, we encourage sites to engage local management authorities and create coalitions within the community to execute projects.
Statutory special interest groups at a local level	Relevant, sometimes included	Special interest groups are not specifically focused upon within our risk assessment process and are handled proactively at the corporate, regional, and site-levels as needed and relevant to our business. Our Government and Public Affairs function tracks, monitors, and actively engages on business relevant special interest issues.
Suppliers	Relevant, sometimes included	A six sigma project identified 264 critical suppliers. The water risk using the Maplecroft tool has been analyzed for each of these suppliers. Select suppliers will be required to submit a risk mitigation plan as a result of their scores.
Water utilities at a local level	Relevant, always included	The utility are not specifically considered, but the availability of water, quantity consumed and the sources are included in our planning process and within our monthly data collection and tracking processes.
Other stakeholder, please specify	Relevant, sometimes included	Our water risk and management program incorporates the stakeholders previously covered within this section, but we remain open to incorporate additional categories based upon the changing dynamics of water conditions and associated business risks and opportunities.

**W3.3d**

**(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.**

Cummins uses a multi-pronged approach to evaluate risks and opportunities.. Cummins Business Continuity Planning function prioritizes and addresses key risks of which water related issues are one component. Cummins developed a cause and effect (C&E) matrix to prioritize sites combining multiple factors including: 1) site's self-assessment of water risk from a survey on source water sustainability, quality, discharge, regulatory, and cost considerations addressing both current and future conditions, 2) site size and complexity, 3) the presence or absence of water supply assessments, 4) and watershed-specific water stress indicators. For water stress indicators, Cummins worked with an external consultant to develop a composite picture of current and future water stress by combining data from WRI Aqueduct Tool, WBCSD Global Water Tool, and consultant expertise in the countries/regions where we operate. Portions of this data extend to a 2025 planning horizon. Scoring and weighting factors were applied to each of the 4 components of the C&E matrix and an 'at risk' threshold was defined as any sites scoring 150 or above in total composite score. Cummins conducted watershed assessments at 5 locations. In addition, over 24 site level audits have been conducted to further validate conditions at prioritized sites. These audits and assessments identified specific areas for water management improvements including conservation, risk management, and community/watershed engagement opportunities. CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft. This risk tool is updated annually with all site scores, we use this analysis to determine site priority list, project prioritization and future goal development and conservation activities. Facility data and conditions are reviewed annually and may alter the priority sites from year to year. CMI identified 264 critical suppliers. The water risk using the Maplecroft tool has been analyzed for each of these suppliers. We plan to switch to the Jupiter risk assessment program in the future.

**W4. Risks and opportunities**

**W4.1**

**(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes, both in direct operations and the rest of our value chain

**W4.1a**

**(W4.1a) How does your organization define substantive financial or strategic impact on your business?**

Cummins uses a multi-pronged approach to evaluate risks and opportunities and determining if they are substantive to our business. Cummins Business Continuity Planning function prioritizes and addresses key risks of which water related issues are one component. Cummins developed a cause and effect (C&E) matrix to prioritize sites combining multiple factors including: 1) site's self-assessment of water risk from a survey on source water sustainability, quality, discharge, regulatory, and cost considerations addressing both current and future conditions, 2) site size and complexity, 3) the presence or absence of water supply assessments, 4) and watershed-specific water stress indicators. For water stress indicators, Cummins worked with an external consultant to develop a composite picture of current and future water stress by combining data from WRI Aqueduct Tool, WBCSD Global Water Tool, and consultant expertise in the countries/regions where we operate. Portions of this data extend to a 2025 planning horizon. Scoring and weighting factors were applied to each of the 4 components of the C&E matrix and an 'at risk' threshold was defined as any sites scoring 150 or above in total composite score. Based on this, Cummins conducted detailed watershed assessments at each of the 3 locations scoring above the 150 'at risk' threshold, recently we added two more sites. BFCEC due to its growth that raised the risk scoring and CBL due to specific water issues arising in the area. In addition to the watershed assessments over 24 site level audits have been conducted to further validate conditions at prioritized sites. These audits and assessments identified specific areas for water management improvements including conservation, risk management, and community/watershed engagement opportunities. Facility data and conditions are reviewed annually and may alter the priority sites from year to year. CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft. This risk tool is updated annually with all site scores, we use this analysis to determine site priority list, project prioritization and future goal development and conservation activities. CMI identified 264 critical suppliers. The water risk using the Maplecroft tool has been analyzed for each of these suppliers. Select suppliers will be required to submit a risk mitigation plan as a results of their scores. In addition to the six sigma project and the supplier engagement, CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft. This new tool will help assign a risk factor for each site that can be used when evaluating investment opportunities. It will also help in the evaluation of a supplier and new facility locations.

**W4.1b**

**(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?**

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	5	1-25	

**W4.1c**

**(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?**

**Country/Area & River basin**

China	Other, please specify (Hai Ho)
-------	--------------------------------

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

1-25

**Production value for the metals & mining activities associated with these facilities**

<Not Applicable>

**% company's annual electricity generation that could be affected by these facilities**

<Not Applicable>

**% company's global oil & gas production volume that could be affected by these facilities**

<Not Applicable>

**% company's total global revenue that could be affected**

1-10

**Comment**

Cummins conducted detailed watershed assessments to facilities scoring above the 150 'at risk' threshold. There are 5 sites included in the Beijing region. BFCEC, the largest site in Beijing, China, was added to at risk sites list due to its facility expansion that raised the risk scoring coupled with the future water scarcity conditions in the region. Also included are the other Cummins Beijing locations for emissions solutions, logistics and distribution. Potential for inadequate or unreliable water supplies in the long-term horizons, which could lead to operational disruptions, increased water pricing, investment in contingency plans, and increased capital expenditures to manage growth within water use allocation limits. This site was subsequently elevated to high risk based upon facility expansion coupled with future water scarcity conditions in the region. A watershed assessment is planned in order to better understand and evaluate water sourcing risks, alternatives, and overall watershed conditions. Cummins encourages community engagement projects each year focusing on employee volunteer hours and sustainable projects that will be owned by the community upon completion. CMI has a grant process to fund these projects and allows sites to fund smaller ones within their budget. Historical data shows these are relatively low cost.

**Country/Area & River basin**

India	Krishna
-------	---------

**Number of facilities exposed to water risk**

2

**% company-wide facilities this represents**

1-25

**Production value for the metals & mining activities associated with these facilities**

<Not Applicable>

**% company's annual electricity generation that could be affected by these facilities**

<Not Applicable>

**% company's global oil & gas production volume that could be affected by these facilities**

<Not Applicable>

**% company's total global revenue that could be affected**

1-10

**Comment**

The megasite facility in Phaltan and manufacturing and tech center operations in the Kothrud area of Pune are both located in water scarce areas. The Phaltan megasite is made up of 10 sites and the Kothrud campus of 4 sites. These represent the biggest operations in India. Potential for inadequate or unreliable water supplies in the short- and long-term horizons, which could lead to operational disruptions, increased water pricing, investment in contingency plans, and increased capital expenditures to manage growth within water use allocation limits. A watershed assessment was conducted to better understand water sourcing risks, alternatives, and overall watershed conditions. Responses include continued water conservation measures in existing operations, increase in water storage capacity, and deployment of low/no water use processes such as air cooled chiller systems where warranted based upon facility water dependency. These systems typically require increased capital expenditure and increased operating costs related to higher energy use, but off-set the potential risks associated with interruption of operations. However, Cummins is also using technologies such as regenerative dynos to manage the costs associated with the energy impact. Cummins encourages community engagement projects each year focusing on employee volunteer hours and sustainable projects that will be owned by the community upon completion. CMI has a grant process to fund these projects and allows sites to fund smaller ones within their budget. Historical data shows these are relatively low cost.

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**Country/Area & River basin**

Mexico	Panuco
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**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

1-25

**Production value for the metals & mining activities associated with these facilities**

<Not Applicable>

**% company's annual electricity generation that could be affected by these facilities**

<Not Applicable>

**% company's global oil & gas production volume that could be affected by these facilities**

<Not Applicable>

**% company's total global revenue that could be affected**

1-10

**Comment**

The San Luis Potosi facility is Cummins' largest operation in Mexico and is located in a region with high water stress. Inadequate or unreliable water supplies in the short- and long-term horizons are possible for the 6 sites in the area, which could lead to operational disruptions, increased water pricing, investment in contingency plans, and increased capital expenditures to manage growth within water use allocation limits. A watershed assessment was conducted to better understand water sourcing risks, alternatives, and overall watershed conditions. A response plan was developed encompassing further due diligence on mitigation measures, evaluating water sourcing options, continued water conservation measures and community alignment goals. Cummins encourages community engagement projects each year focusing on employee volunteer hours and sustainable projects that will be owned by the community upon completion. CMI has a grant process to fund these projects and allows sites to fund smaller ones within their budget. Historical data shows these are relatively low cost.

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**Country/Area & River basin**

Brazil	Paraiba Do Sul
--------	----------------

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

Less than 1%

**Production value for the metals & mining activities associated with these facilities**

<Not Applicable>

**% company's annual electricity generation that could be affected by these facilities**

<Not Applicable>

**% company's global oil & gas production volume that could be affected by these facilities**

<Not Applicable>

**% company's total global revenue that could be affected**

1-10

**Comment**

Cummins operations in Guarulhos, a municipality near São Paulo, were identified as 'at risk' during a detailed watershed assessment. Cummins Brasil Ltda, the largest site in Brazil, was added to the risk list due to specific water issues arising in the area. Potential for inadequate or unreliable water supplies in the short- and long-term horizons, which could lead to operational disruptions, increased water pricing, investment in contingency plans, and increased capital expenditures to manage growth within water use allocation limits. This site was recently elevated to high risk based upon facility expansion and the recent drought conditions in southeastern Brazil. A watershed assessment was conducted to better understand and evaluate water sourcing risks, alternatives, and overall watershed conditions. In addition to continued water conservation measures and technologies, additional response measures may include deployment of additional water storage, low/no water use processes such as air cooled chiller systems and upgrades to the wastewater treatment system to allow for 100% reuse. Cummins encourages community engagement projects each year

focusing on employee volunteer hours and sustainable projects that will be owned by the community upon completion. CMI has a grant process to fund these projects and allows sites to fund smaller ones within their budget. Historical data shows these are relatively low cost.

## W4.2

**(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

### Country/Area & River basin

China	Other, please specify (Hai Ho)
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### Type of risk & Primary risk driver

Physical	Increased water stress
----------	------------------------

### Primary potential impact

Reduction or disruption in production capacity

### Company-specific description

Disruption in production related to water in this region could occur due to water availability limitations. To avoid impacts each site has developed a business continuity plan that identifies and contracts if necessary with a third party water provider. In addition to measures to ensure facility production capability, Cummins has duplicate production facilities in various regions. Facilities in this region would represent 10% or less of CMI revenue and the overall impact would be low.

### Timeframe

Unknown

### Magnitude of potential impact

Low

### Likelihood

More likely than not

### Are you able to provide a potential financial impact figure?

Yes, an estimated range

### Potential financial impact figure (currency)

<Not Applicable>

### Potential financial impact figure - minimum (currency)

0

### Potential financial impact figure - maximum (currency)

20000000

### Explanation of financial impact

Cummins conducted detailed watershed assessments to facilities identified as at risk. Overall, 43 percent of Cummins water use is in water stressed areas. Financial implications would be periods of plant inactivity or closure, loss of production and possible customer deadline ramifications. The maximum \$20 million figure would represent the maximum amount of lost revenue due to a high estimate of 5-7 days of plant shutdown due to lack of water for operations.

### Primary response to risk

Amend the Business Continuity Plan

### Description of response

Facilities have business continuity plans in place that identify alternate water sources, back up production facilities, back up suppliers and in some cases sites have contracts with alternate water providers in the event of a municipal supply shortage.

### Cost of response

0

### Explanation of cost of response

Business continuity planning is a requirement of all CMI facilities. Water related issues are addressed as one part of the required plan, which would be prepared even if water stress had not been identified as a risk. There is accordingly no additional cost beyond that normally incurred by the preparation of a business continuity plan to address water related risks.

### Country/Area & River basin

India	Krishna
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### Type of risk & Primary risk driver

Physical	Increased water stress
----------	------------------------

### Primary potential impact

Reduction or disruption in production capacity

### Company-specific description

Disruption in production related to water in this region could occur due to water availability limitations. To avoid impacts each site has developed a business continuity plan that identifies and contracts if necessary with a third party water provider. In addition to measures to ensure facility production capability, Cummins has duplicate production

facilities in various regions. Facilities in this region would represent 10% or less of CMI revenue and the overall impact would be low.

**Timeframe**

Unknown

**Magnitude of potential impact**

Low

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure - minimum (currency)**

0

**Potential financial impact figure - maximum (currency)**

20000000

**Explanation of financial impact**

Cummins conducted detailed watershed assessments to facilities identified as at risk. Overall, 43 percent of Cummins water use is in water stressed areas. Financial implications would be periods of plant inactivity or closure, loss of production and possible customer deadline ramifications. The maximum \$20 million figure would represent the maximum amount of lost revenue due to a high estimate of 5-7 days of plant shutdown due to lack of water for operations.

**Primary response to risk**

Amend the Business Continuity Plan

**Description of response**

Facilities have business continuity plans in place that identify alternate water sources, back up production facilities, back up suppliers and in some cases sites have contracts with alternate water providers in the event of a municipal supply shortage.

**Cost of response**

0

**Explanation of cost of response**

Business continuity planning is a requirement of all CMI facilities. Water related issues are addressed as one part of the required plan, which would be prepared even if water stress had not been identified as a risk. There is accordingly no additional cost beyond that normally incurred by the preparation of a business continuity plan to address water related risks.

**Country/Area & River basin**

Mexico	Panuco
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**Type of risk & Primary risk driver**

Physical	Increased water stress
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**Primary potential impact**

Reduction or disruption in production capacity

**Company-specific description**

Disruption in production related to water in this region could occur due to water availability limitations. To avoid impacts each site has developed a business continuity plan that identifies and contracts if necessary with a third party water provider. In addition to measures to ensure facility production capability, Cummins has duplicate production facilities in various regions. Facilities in this region would represent 10% or less of CMI revenue and the overall impact would be low.

**Timeframe**

Unknown

**Magnitude of potential impact**

Low

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure - minimum (currency)**

0

**Potential financial impact figure - maximum (currency)**

20000000

**Explanation of financial impact**

Cummins conducted detailed watershed assessments to facilities identified as at risk. Overall, 43 percent of Cummins water use is in water stressed areas. Financial implications would be periods of plant inactivity or closure, loss of production and possible customer deadline ramifications. The maximum \$20 million figure would represent the maximum amount of lost revenue due to a high estimate of 5-7 days of plant shutdown due to lack of water for operations.

**Primary response to risk**

Amend the Business Continuity Plan

#### Description of response

Facilities have business continuity plans in place that identify alternate water sources, back up production facilities, back up suppliers and in some cases sites have contracts with alternate water providers in the event of a municipal supply shortage.

#### Cost of response

0

#### Explanation of cost of response

Business continuity planning is a requirement of all CMI facilities. Water related issues are addressed as one part of the required plan, which would be prepared even if water stress had not been identified as a risk. There is accordingly no additional cost beyond that normally incurred by the preparation of a business continuity plan to address water related risks.

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#### Country/Area & River basin

Brazil	Paraiba Do Sul
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#### Type of risk & Primary risk driver

Physical	Increased water stress
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#### Primary potential impact

Reduction or disruption in production capacity

#### Company-specific description

Disruption in production related to water in this region could occur due to water availability limitations. To avoid impacts each site has developed a business continuity plan that identifies and contracts if necessary with a third party water provider. In addition to measures to ensure facility production capability, Cummins has duplicate production facilities in various regions. Facilities in this region would represent 10% or less of CMI revenue and the overall impact would be low.

#### Timeframe

Unknown

#### Magnitude of potential impact

Low

#### Likelihood

Very likely

#### Are you able to provide a potential financial impact figure?

Yes, an estimated range

#### Potential financial impact figure (currency)

<Not Applicable>

#### Potential financial impact figure - minimum (currency)

0

#### Potential financial impact figure - maximum (currency)

20000000

#### Explanation of financial impact

Cummins conducted detailed watershed assessments to facilities identified as at risk. Overall, 43 percent of Cummins water use is in water stressed areas. Financial implications would be periods of plant inactivity or closure, loss of production and possible customer deadline ramifications. The maximum \$20 million figure would represent the maximum amount of lost revenue due to a high estimate of 5-7 days of plant shutdown due to lack of water for operations.

#### Primary response to risk

Amend the Business Continuity Plan

#### Description of response

Facilities have business continuity plans in place that identify alternate water sources, back up production facilities, back up suppliers and in some cases sites have contracts with alternate water providers in the event of a municipal supply shortage.

#### Cost of response

0

#### Explanation of cost of response

Business continuity planning is a requirement of all CMI facilities. Water related issues are addressed as one part of the required plan, which would be prepared even if water stress had not been identified as a risk. There is accordingly no additional cost beyond that normally incurred by the preparation of a business continuity plan to address water related risks.

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### W4.2a

**(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

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### W4.3

**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes, we have identified opportunities, and some/all are being realized

## W4.3a

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**(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.**

**Type of opportunity**

Efficiency

**Primary water-related opportunity**

Improved water efficiency in operations

**Company-specific description & strategy to realize opportunity**

Site specific conservation goals have been set, performance is reviewed quarterly by leadership. Basic water requirements have been proceduralized and therefore are requirements that are auditable. Consultations are occurring with priority sites. Environmental champion program is being deployed at priority sites. A capital management program has been implemented to assist in project funding.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Low-medium

**Are you able to provide a potential financial impact figure?**

Please select

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

Most costs are low and considered normal operating expense. CMI has designated \$3 million for water related projects through 2020. The Rocky Mount Engine Plant in North Carolina allocated \$5.5 million to water related projects in 2018, of which \$1.8 million came from the \$3 million dollar corporate fund.

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**Type of opportunity**

Resilience

**Primary water-related opportunity**

Increased supply chain resilience

**Company-specific description & strategy to realize opportunity**

Focusing on 80 critical suppliers, developing reporting metrics, scorecards and other requirements related to water. Sites are already conducting annual business continuity planning that would account for water and any supplier interruptions.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Low

**Are you able to provide a potential financial impact figure?**

Please select

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

Estimation was made to account for potential expedited freight

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## W5. Facility-level water accounting

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### W5.1

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**(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.**

**Facility reference number**

Facility 1

**Facility name (optional)**

Beijing All

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**Country/Area & River basin**

China	Other, please specify (Hai Ho)
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**Latitude**

40.22066

**Longitude**

116.231204

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

&lt;Not Applicable&gt;

**Oil & gas sector business division**

&lt;Not Applicable&gt;

**Total water withdrawals at this facility (megaliters/year)**

118.5

**Comparison of total withdrawals with previous reporting year**

About the same

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater****Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable****Withdrawals from produced/entrained water****Withdrawals from third party sources**

118.5

**Total water discharges at this facility (megaliters/year)**

47.2

**Comparison of total discharges with previous reporting year**

Much lower

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater****Discharges to groundwater**

37.9

**Discharges to third party destinations**

9.3

**Total water consumption at this facility (megaliters/year)**

51.5

**Comparison of total consumption with previous reporting year**

Much higher

**Please explain**

The sites included within the boundary of the Beijing facility are grouped for Cummins' environmental reporting based on their proximity and managerial connections. They were identified as 'at risk' by a watershed risk assessment using the World Resource Institute's (WRI) Baseline Water Stress (RAW) scores and an assessment tool developed by Maplecroft. The Beijing facility does not discharge to fresh or brackish surface water bodies. No water was withdrawn from brackish surface water, groundwater or produced/entrained water. All of the water reported as withdrawn "from fresh surface water" was rainwater collected at the facility. Overall withdrawals were slightly lower than in 2019, decreasing by approximately 5%. An 23% increase in water consumption due to more evaporative losses contributed to a decrease in discharges by 36%. Withdrawals from third-party sources are tracked as either water supplied from public/private utilities or water supplied from other sources. Third party destinations are categorized as industrial and sanitary wastewater discharged to public/private treatment works or wastewater trucked/hailed offsite. Discharges to groundwater are tracked as landscape irrigation (excluding process/sanitary discharges) and industrial and sanitary wastewater treated on-site and reused for irrigation. Water consumption is tracked separately in Cummins' environmental management system rather than being calculated as the difference between withdrawal and discharge.

**Facility reference number**

Facility 2

**Facility name (optional)**

Phaltan Megasite

**Country/Area & River basin**

India	Krishna
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**Latitude**

17.984451

**Longitude**

74.436042

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

71.6

**Comparison of total withdrawals with previous reporting year**

Much lower

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

**Withdrawals from produced/entrained water**

**Withdrawals from third party sources**

71.6

**Total water discharges at this facility (megaliters/year)**

45.8

**Comparison of total discharges with previous reporting year**

Much lower

**Discharges to fresh surface water**

0.4

**Discharges to brackish surface water/seawater**

**Discharges to groundwater**

36.7

**Discharges to third party destinations**

8.6

**Total water consumption at this facility (megaliters/year)**

21.3

**Comparison of total consumption with previous reporting year**

Much lower

**Please explain**

The sites included in the Phaltan facility grouping are considered a single megasite in Cummins' environmental reporting based on their proximity and managerial connections. They were identified as 'at risk' by a watershed risk assessment using the World Resource Institute's (WRI) Baseline Water Stress (RAW) scores and an assessment tool developed by Maplecroft. Water was not discharged to brackish surface water bodies and was not withdrawn from brackish surface water, fresh surface water, groundwater or produced/entrained water. Withdrawals of water were significantly lower in 2020, decreasing by 42% compared to the prior year. Discharges and consumption also decreased by 30% and 28% respectively. This trend was uniform across nearly all of the locations at the campus. Withdrawals from third-party sources are tracked as either water supplied from public/private utilities or water supplied from other sources. Third party destinations are categorized as industrial and sanitary wastewater discharged to public/private treatment works or wastewater trucked/hailed offsite. Discharges to groundwater are tracked as landscape irrigation (excluding process/sanitary discharges) and industrial and sanitary wastewater treated on-site and reused for irrigation. Water consumption is tracked separately in Cummins' environmental management system rather than being calculated as the difference between withdrawal and discharge.

**Facility reference number**

Facility 3

**Facility name (optional)**

Kothrud Campus

**Country/Area & River basin**

India	Krishna
-------	---------

**Latitude**

18.497208

**Longitude**

73.807462

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

109.5

**Comparison of total withdrawals with previous reporting year**

Much lower

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

1.4

**Withdrawals from brackish surface water/seawater**

**Withdrawals from groundwater - renewable**

50.4

**Withdrawals from groundwater - non-renewable**

**Withdrawals from produced/entrained water**

**Withdrawals from third party sources**

57.6

**Total water discharges at this facility (megaliters/year)**

20.8

**Comparison of total discharges with previous reporting year**

Much lower

**Discharges to fresh surface water**

0.9

**Discharges to brackish surface water/seawater**

**Discharges to groundwater**

15.9

**Discharges to third party destinations**

4.1

**Total water consumption at this facility (megaliters/year)**

45.9

**Comparison of total consumption with previous reporting year**

Much higher

**Please explain**

The sites in Kothrud were grouped as a single facility based on their proximity and managerial connections. The campus was identified as 'at risk' by a watershed risk assessment using the World Resource Institute's (WRI) Baseline Water Stress (RAW) scores and an assessment tool developed by Maplecroft. The withdrawal and discharge of water at the Kothrud facility decreased by 37% and 80% respectively in 2020. The dramatic drop in discharge was due both to the decline in water being withdrawn and the increase in evaporative losses at two of the locations within the campus (39% increase in consumption compared to the prior year). Withdrawals from third-party sources were tracked as either water supplied from utilities or water supplied from other sources. Third party destinations were categorized as industrial/sanitary wastewater discharged to treatment works or wastewater trucked/hailed offsite. Discharges to groundwater were tracked as landscape irrigation (excluding process/sanitary discharges) and industrial and sanitary wastewater treated on-site and reused for irrigation. Water consumption was tracked separately in Cummins' environmental management system rather than being calculated as the difference between withdrawal and discharge. All of the water reported as withdrawn "from fresh surface water" was rainwater collected at the facility.

**Facility reference number**

Facility 4

**Facility name (optional)**

San Luis Potosi All

**Country/Area & River basin**

Mexico	Panuco
--------	--------

**Latitude**

22.093321

**Longitude**

-100.895957

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

62.7

**Comparison of total withdrawals with previous reporting year**

About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

Withdrawals from groundwater - renewable

37.8

Withdrawals from groundwater - non-renewable

Withdrawals from produced/entrained water

Withdrawals from third party sources

25

Total water discharges at this facility (megaliters/year)

54.7

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

0.5

Discharges to brackish surface water/seawater

Discharges to groundwater

32.5

Discharges to third party destinations

21.6

Total water consumption at this facility (megaliters/year)

6.6

Comparison of total consumption with previous reporting year

Much lower

Please explain

The sites in the San Luis Potosi area are considered as a single facility for Cummins' environmental reporting based on their proximity and managerial connections. They were identified as 'at risk' by a watershed risk assessment using the World Resource Institute's (WRI) Baseline Water Stress (RAW) scores and an assessment tool developed by Maplecroft. Water was neither discharged to brackish surface water bodies nor withdrawn from brackish surface water, fresh surface water, non-renewable groundwater or produced/entrained water. Approximately 4% less water was withdrawn in 2020 at the combined facility. Discharges increased by 8% and consumption decreased by 43% due to fewer evaporative losses at the New Recon and Parts SLP center. Withdrawals from third-party sources were tracked as either water supplied from public/private utilities or water supplied from other sources. Third party destinations were categorized as industrial and sanitary wastewater discharged to public/private treatment works or wastewater trucked/hailed offsite. Discharges to groundwater were classified as landscape irrigation (excluding process/sanitary discharges) and industrial and sanitary wastewater treated on-site and reused for irrigation. Water consumption was tracked separately in Cummins' environmental management system rather than being calculated as the difference between withdrawal and discharge.

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Facility reference number

Facility 5

Facility name (optional)

Guarulhos All

Country/Area & River basin

Brazil	Paraiba Do Sul
--------	----------------

Latitude

-23.454558

Longitude

-46.476503

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

35.3

Comparison of total withdrawals with previous reporting year

Much lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0.1

Withdrawals from brackish surface water/seawater

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

**Withdrawals from produced/entrained water**

**Withdrawals from third party sources**

35.3

**Total water discharges at this facility (megaliters/year)**

9.9

**Comparison of total discharges with previous reporting year**

Much lower

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

**Discharges to groundwater**

1.7

**Discharges to third party destinations**

8.2

**Total water consumption at this facility (megaliters/year)**

8.5

**Comparison of total consumption with previous reporting year**

Much higher

**Please explain**

The sites in Guarulhos were grouped as a single facility for Cummins' environmental reporting based on their proximity and managerial connections. They were identified as 'at risk' by a watershed risk assessment using the World Resource Institute's (WRI) Baseline Water Stress (RAW) scores and an assessment tool developed by Maplecroft. The amount of water withdrawn and discharged at the facility decreased significantly in 2020, falling by 23% and 72% respectively. Water consumption increased by 37% due to more evaporative losses at one of the sites. Water was neither discharged to brackish surface water bodies nor withdrawn from brackish surface water, groundwater or produced/entrained water. All of the water reported as withdrawn "from fresh surface water" was rainwater collected at the facility. Withdrawals from third-party sources were tracked as either water supplied from public/private utilities or water supplied from other sources. Third party destinations were categorized as industrial and sanitary wastewater discharged to public/private treatment works or wastewater trucked/hailed offsite. Discharges to groundwater were classified as landscape irrigation (excluding process/sanitary discharges) and industrial and sanitary wastewater treated on-site and reused for irrigation. Water consumption was tracked separately in Cummins' environmental management system rather than being calculated as the difference between withdrawal and discharge.

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**W5.1a**

**(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?**

**Water withdrawals – total volumes**

**% verified**

76-100

**What standard and methodology was used?**

Apex used the following reference standard to conduct the verification: International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after Dec. 15, 2015), issued by the International Auditing and Assurance Standards Board. The evidence gathering methodology employed by Apex included but was not limited to: • Interviews with relevant personnel of Cummins; • Review of documentary evidence produced by Cummins; • Review of Cummins data and information systems and methodology for collection, aggregation, analysis and review of information used to determine water withdrawal. • Audit of samples of data from Cummins Operations used to determine water withdrawal. Sites are selected for sampling by Apex and then made known to Cummins prior to the commencement of the audit. The selection method is designed such that the primary regions in which Cummins operates and at least some major facilities are represented in the sample (i.e. semi-random). In 2020, approximately half of the sampled sites were located in North America with the remainder distributed between Europe, China, India, Australia and Mexico.

**Water withdrawals – volume by source**

**% verified**

76-100

**What standard and methodology was used?**

Apex used the following reference standard to conduct the verification: International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after Dec. 15, 2015), issued by the International Auditing and Assurance Standards Board. The evidence gathering methodology employed by Apex included but was not limited to: • Interviews with relevant personnel of Cummins; • Review of documentary evidence produced by Cummins; • Review of Cummins data and information systems and methodology for collection, aggregation, analysis and review of information used to determine water withdrawal. • Audit of samples of data from Cummins Operations used to determine water withdrawal. Sites are selected for sampling by Apex and then made known to Cummins prior to the commencement of the audit. The selection method is designed such that the primary regions in which Cummins operates and at least some major facilities are represented in the sample (i.e. semi-random). In 2020, approximately half of the sampled sites were located in North America with the remainder distributed between Europe, China, India, Australia and Mexico.

**Water withdrawals – quality**

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

**Water discharges – total volumes**

% verified  
Not verified

**What standard and methodology was used?**  
<Not Applicable>

**Water discharges – volume by destination**

% verified  
Not verified

**What standard and methodology was used?**  
<Not Applicable>

**Water discharges – volume by treatment method**

% verified  
Not verified

**What standard and methodology was used?**  
<Not Applicable>

**Water discharge quality – quality by standard effluent parameters**

% verified  
Not verified

**What standard and methodology was used?**  
<Not Applicable>

**Water discharge quality – temperature**

% verified  
Not verified

**What standard and methodology was used?**  
<Not Applicable>

**Water consumption – total volume**

% verified  
Not verified

**What standard and methodology was used?**  
<Not Applicable>

**Water recycled/reused**

% verified  
Not verified

**What standard and methodology was used?**  
<Not Applicable>

**W6. Governance**

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**W6.1**

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**(W6.1) Does your organization have a water policy?**  
Yes, we have a documented water policy that is publicly available

**W6.1a**

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**(W6.1a) Select the options that best describe the scope and content of your water policy.**

	Scope	Content	Please explain
Row 1	Company-wide	Description of water-related performance standards for direct operations Company water targets and goals Commitments beyond regulatory compliance Commitment to water stewardship and/or collective action	Cummins' water management procedure directs facilities on how they should manage water(using a hierarchical approach), engineering and administravie control requirements, as well as an expectation to strive toward benchmark performance.

**W6.2**

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**(W6.2) Is there board level oversight of water-related issues within your organization?**

Yes

**W6.2a**

**(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.**

Position of individual	Please explain
Chief Executive Officer (CEO)	N. Thomas (Tom) Linebarger serves Cummins as both Chairman of the Board and CEO. He views environmental sustainability - including product innovation and facilities and operations - as an important element of Cummins business strategy. He is very engaged in our sustainability work, and meets at least once a year for 4 hours give his thoughts on sustainability strategy and target progress in addition to regular board updates every other month.

**W6.2b**

**(W6.2b) Provide further details on the board's oversight of water-related issues.**

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	The Safety, Environment and Technology Committee is one of the six committees of Cummins Board of Directors. Members are are Robert J. Bernhard, Franklin R. Chang Diaz, Bruno V. Di Leo, Stephen B. Dobbs (Chairman), Alexis M. Herman and Karen H. Quintos. This Committee is authorized to assist the Board of Directors in its oversight of safety policies, review environmental and technological strategies, compliance programs and major projects and review public policy developments, strategies and positions taken by us with respect to safety, environmental and technological matters that significantly impact us or our products. It met four times in 2017.

**W6.3**

**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

**Name of the position(s) and/or committee(s)**

Chief Executive Officer (CEO)

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

The Action Committee for Environmental Sustainability (ACES), formed in 2012, integrates climate change actions into overall business strategy. The executive sponsor and the head of this group both report up through the Chief Technical Officer. The group is the voice and catalyst for environmental action beyond compliance and provides tools, resources for employees to go further and faster to reach environmental goals. The ACES team has a global focus, involves all businesses and all functions and its structure of stakeholder areas is replicated all or in part in each of the 4 Company business units. The individual stakeholder and goal owner areas of ACES ensure that all aspects of the environment are included and data is collected and reported that inform decision making and goal setting. In June 2014, CMI announced that after several years of study and analysis, it had adopted a comprehensive environmental sustainability plan and announced public water goals.

**W6.4**

**(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?**

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	

**W6.5**

**(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?**

No

W6.6

**(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?**

Yes (you may attach the report - this is optional)

Cummins\_SEC Form 10-K\_2021.pdf

W7. Business strategy

W7.1

**(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	> 30	The Action Committee for Environmental Sustainability (ACES), formed in 2012, integrates climate change actions into overall business strategy. The group has proposed goals and targets out to 2030 and 2050. The individual stakeholder and goal owner areas of ACES ensure that all aspects of the environment and relevant areas of the business are included and data is collected and reported that inform decision making and goal setting.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	> 30	The Action Committee for Environmental Sustainability (ACES), formed in 2012, integrates climate change actions into overall business strategy. The group has proposed goals and targets out to 2030 and 2050. The individual stakeholder and goal owner areas of ACES ensure that all aspects of the environment and relevant areas of the business are included and data is collected and reported that inform decision making and goal setting. Strategic roadmaps are set by each stakeholder group to drive performance towards their respective goals. Capital management programs have been developed to ensure environmental project funding and Environmental Champions program has been deployed at priority sites to ensure success.
Financial planning	Yes, water-related issues are integrated	> 30	The Action Committee for Environmental Sustainability (ACES), formed in 2012, integrates climate change actions into overall business strategy. The group is currently planning goals and targets out to 2030 and 2050. The individual stakeholder and goal owner areas of ACES ensure that all aspects of the environment and relevant areas of the business are included and data is collected and reported that inform decision making and goal setting. Strategic roadmaps are set by each stakeholder group to drive performance towards their respective goals. Capital management programs have been developed to ensure environmental project funding and Environmental Champions program has been deployed at priority sites to ensure success.

W7.2

**(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?**

Row 1

**Water-related CAPEX (+/- % change)**

-42

**Anticipated forward trend for CAPEX (+/- % change)**

70

**Water-related OPEX (+/- % change)**

**Anticipated forward trend for OPEX (+/- % change)**

**Please explain**

OPEX projects are undertaken at the site level but are not currently tracked by corporate.

W7.3

**(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?**

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Cummins is using a method known as scenario planning to contemplate different potential future outcomes in order to make more informed decisions. Cummins' objective in doing scenario planning is to ensure that its investment portfolio is informed and contemplates all major scenarios that would impact the business on an ongoing basis and that looks beyond our normal five year planning window. To do this, Cummins first identified the driving forces behind major changes in the world and the critical uncertainties within each. Based on the themes of those critical uncertainties, plausible scenarios were developed to weave a narrative of potential futures. Potential outcomes and implications to Cummins' business were then analyzed to understand when and how disruptions might occur over time. In simple terms, Cummins repeatedly asked itself, "what if?" to expose the greatest uncertainties about the future. Cummins must continually monitor and respond monitor and respond accordingly to change

W7.3a

**(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?**

Yes

## W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	Other, please specify (Maplecroft tools as well as WRI)	Water and Quality stress indicators in the future for all locations in which CMI operates, shows potential regions that may have water shortages	Cummins has responded by setting goals for 2020, and we are in process of setting 2030 and 2050 goals to reduce our manufacturing dependence on water.

## W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

Yes

Please explain

CMI does not have one value used for the entire company. Cummins has a "true cost of water tool" that captures extra costs associated with water use such as energy, maintenance, chemicals, etc., sites can use it to determine their direct cost of water for their site. We are in the process of integrating risk factors for each site into this tool as well.

## W8. Targets

### W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Site/facility specific targets and/or goals Country level targets and/or goals Other, please specify (Community related water project goals)	Targets are monitored at the corporate level Goals are monitored at the corporate level	Cummins has given each site, business unit, region and CMI water conservation goals and targets for each year. There are also community goals each year in regards to water. Goals and targets are reviewed each quarter with all levels of leadership.

### W8.1a

**(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.**

**Target reference number**

Target 1

**Category of target**

Water consumption

**Level**

Company-wide

**Primary motivation**

Water stewardship

**Description of target**

Cummins established a new water conservation goal in 2016 of a 50% labor-normalized reduction to a 2010 baseline. We exceeded that goal and set a new target for 2030. Our 2030 conservation goal is to reduce our absolute water consumption by 30% with 2018 as the baseline year. Water stewardship is the stated motivation for this target, though cost reduction and risk mitigation benefits also exist.

**Quantitative metric**

Other, please specify (Intensity based reduction normalized by man hour (gal/manhour))

**Baseline year**

2010

**Start year**

2010

**Target year**

2020

**% of target achieved**

100

**Please explain**

A 53% reduction had been achieved by the end of 2020, which exceeded our 2020 goal year target

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**W8.1b**

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**(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.**

**Goal**

Engaging with local community

**Level**

Country level

**Motivation**

Shared value

**Description of goal**

Achieve water neutrality at 15 sites (manufacturing, test, high intensity) by 2020 in priority water stressed countries - India, China, Mexico, South Africa, Brazil. This goal is intended to drive work in the community to off-set our footprint and create connectivity with Cummins corporate responsibility programs. While water stewardship is listed as the motivation, risk mitigation benefits also exist.

**Baseline year**

2010

**Start year**

2015

**End year**

2020

**Progress**

Sixteen sites had achieved water neutrality by the end of 2020. C

**Goal**

Providing access to safely managed Water, Sanitation and Hygiene (WASH) in local communities

**Level**

Company-wide

**Motivation**

Corporate social responsibility

**Description of goal**

In July 2021, Cummins announced a new global community program called Cummins Water Works, which addresses the global water crisis by partnering with leading water experts and investing and engaging in sustainable, large-scale, high-impact water projects around the world. This new community program is supported initially by \$8 million in Cummins grants focusing on five of the most water-stressed countries: Mexico, Brazil, India, South Africa and the U.S. By 2025, Cummins Water Works will bring fresh water to 20 million people who would not otherwise have access to it, while striving to produce net water benefits that exceed Cummins' annual water use in all Cummins regions by 2030, and in all Cummins communities by 2050.

**Baseline year**

2021

**Start year**

2021

**End year**

2030

**Progress**

Underway

**W9. Verification**

**W9.1**

**(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?**

Yes

**W9.1a**

**(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?**

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Apex Companies, LLC (Apex) was engaged to conduct an independent verification of the water withdrawal reported by Cummins, Inc. (Cummins) for the calendar year 2019. This Verification Statement applies to the related information included within the scope of work described below.	ISAE 3000	The verification was conducted using the CDP Water Disclosure Reporting Guidelines reporting protocol and the following reference standard: International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after Dec. 15, 2015), issued by the International Auditing and Assurance Standards Board.

## W10. Sign off

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### W-FI

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(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

### W10.1

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(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Water Resource Manager	Facilities manager

### W10.2

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(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

## SW. Supply chain module

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### SW0.1

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(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	

### SW0.2

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(SW0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

Yes

### SW0.2a

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(SW0.2a) Please share your ISIN in the table below.

	ISIN country code	ISIN numeric identifier (including single check digit)
Row 1	US	2310211063

### SW1.1

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(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

### SW1.2

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(SW1.2) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
Row 1	Please select	

### SW2.1

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(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

SW2.2

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(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

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(SW3.1) Provide any available water intensity values for your organization's products or services.

Submit your response

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In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	Yes, I will submit the Supply Chain questions now

Please confirm below

I have read and accept the applicable Terms