



***CUMMINS 2020  
GRI CONTENT INDEX  
AND DATA BOOK***

# ABOUT THIS REPORT

Welcome to Cummins' 2020 GRI Content Index and Data Book. The goal of this report is to essentially convert the Cummins **2020 Sustainability Progress Report** into the Global Reporting Initiative (GRI) framework.

In many instances, this report includes links to other Cummins reports and web pages such as the company's **2020 Annual Report on Form 10-K**, the **2021 Proxy Statement**, the company's **Governance web page**, Cummins' **Ethics and Compliance** web page and more.

The company has reported to the GRI's Core platform since 2014. The 2020 GRI Content Index and Data Book includes Cummins' data assurance letters prepared by Apex for the company's environmental, social and governance reporting. Cummins' financial data is audited by PricewaterhouseCoopers LLP.

A number of additional environmental charts are included in this report that were not included in the 2020 Sustainability Progress Report. These charts go into greater depth on product emissions as well as plant operations.

The GRI questions can be quite complex. This report summarizes them as much as possible. If you want to see the complete GRI questions, go to the **GRI website**.

The framework was created in 1997 by a coalition of groups including The United Nations Environment Programme to provide corporations with a uniform way to report sustainability data.

**BLAIR CLAFLIN**

Director – Sustainability Communications  
Cummins Inc.  
blair.clafin@cummins.com

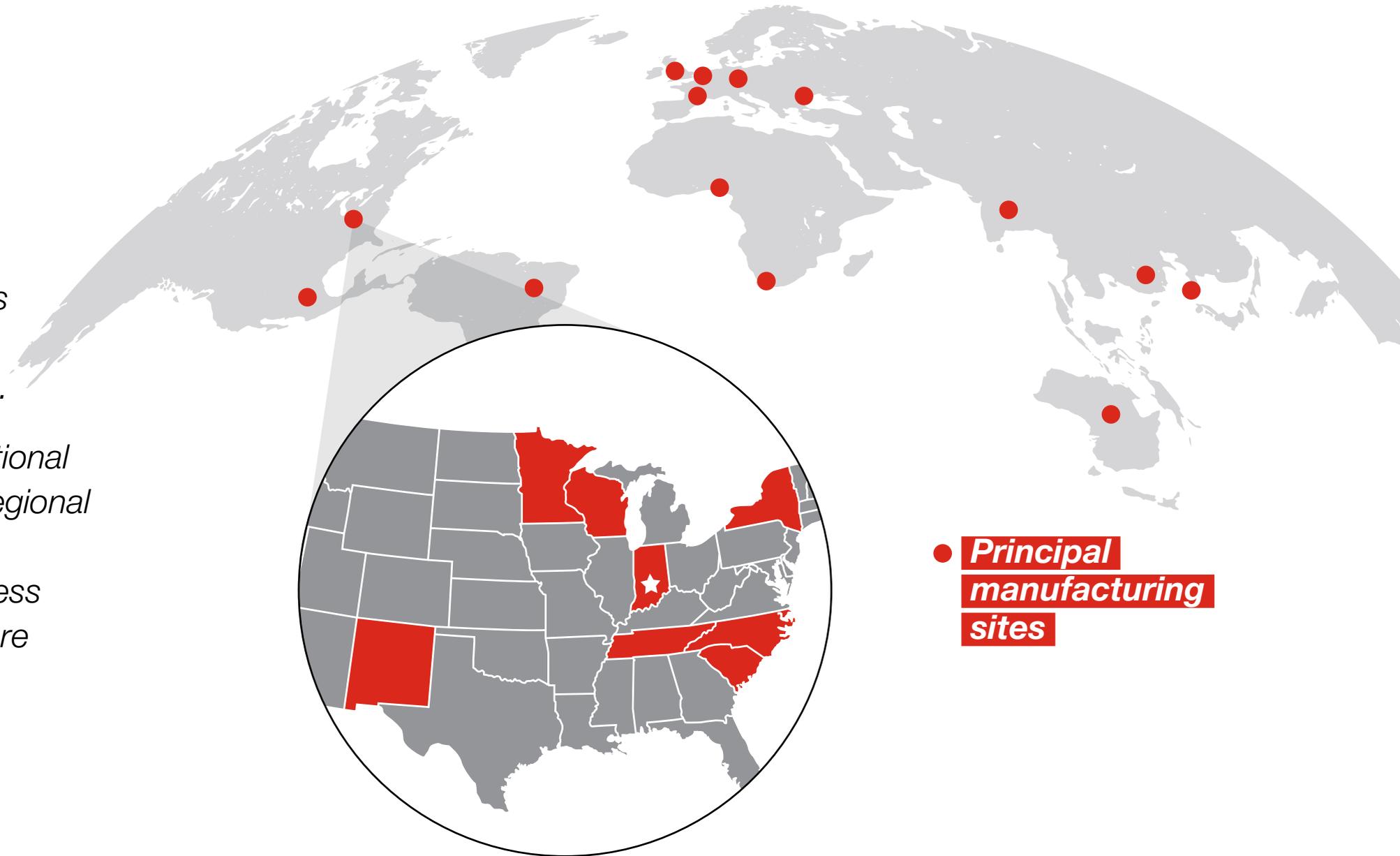
## CONTENTS

ABOUT THIS REPORT .....	2
HOME GROWN, GLOBALLY ENGAGED .....	3
KEY PERFORMANCE INDICATORS .....	4
GENERAL DISCLOSURES .....	5
ECONOMIC STANDARDS.....	26
ENVIRONMENTAL STANDARDS .....	30
SOCIAL STANDARDS .....	58
ASSURANCE.....	67
APEX GHG STATEMENT .....	67
APPENDIX .....	72

## **HOME GROWN, GLOBALLY ENGAGED**

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

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



● **Principal  
manufacturing  
sites**

# KEY PERFORMANCE INDICATORS

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



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

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

	2018	2019	2020
<b>ECONOMIC</b>			
Revenue	\$23.8 billion	\$23.6 billion	\$19.8 billion
Net Income	\$2.1 billion	\$2.4 billion	\$1.8 billion
<b>ENVIRONMENTAL</b>			
GHG emissions (thousands of metric tons CO <sub>2</sub> e)	808	751	656
Energy consumption <sup>1</sup> (thousands of MMBtu)	14,375	14,043	12,673
Water use (millions of gallons)	949	895	772
Water intensity reduction <sup>2</sup> (2010 baseline)	50%	53%	53%
Energy intensity reduction <sup>2,3</sup> (2010 baseline)	29%	31%	27%
GHG intensity reduction <sup>2,3</sup> (2010 baseline)	37%	42%	41%
Recycling rate	90%	91%	93%
<b>SOCIAL</b>			
H&S Severity Case Rate	0.264	0.225	0.209
H&S Incidence Rate	0.646	0.593	0.482
Code of Conduct cases	2,215	2,436	1,601
Women leaders in the workforce	23.22%	23.90%	25%
Every Employee Every Community (EEEC) participation rate	83%	82%	34%
People impacted by EEEEC projects	4.3 million	6.5 million	1.4 million

# GENERAL DISCLOSURES

---

## ORGANIZATIONAL PROFILE

---

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

Extensive information about Cummins Inc., including its name, address, stock symbol and more, is available in the Introduction to the company's [2020 Sustainability Progress Report](#) starting on page 11.

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

Cummins is organized into five business areas—the Engine segment, the Power Systems segment, the Components segment, the Distribution segment and the New Power segment. All operate under the Cummins' brand. Cummins is a “business to business” company. Many of its products are sold to original equipment manufacturers who use them in their products. More about the company's products and services is available on page 12 of the Progress Report.

### **102-3** *Location of headquarters:*

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

### **102-4** *Location of operations:*

Cummins serves its customers online, through a network of company-owned and independent distributor locations, and through thousands of dealer locations worldwide. The company's principal manufacturing facilities are located in Indiana, Minnesota, New Mexico, New York, North Carolina, South Carolina, Tennessee, and Wisconsin in the United States and Australia, Brazil, China, France, Germany, India, Mexico, Nigeria, Romania, South Africa, South Korea, Turkey and the United Kingdom outside the U.S.

---

## GENERAL DISCLOSURES

---

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

Cummins is a publicly traded company, Fortune 200, ranking 150 in 2021. Cummins' stock symbol on the New York Stock Exchange is CMI.

---

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

Approximately 58% of the company's net sales (see page 71 of the [2020 Sustainability Progress Report](#)) in 2020 were attributable to customers in the U.S. and Canada while 42% came from outside those locations.

---

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

Cummins has more than 57,000 employees with more than half located outside the United States. The company has plants and technical centers around the world. Just over a third of the company's employees are represented by a union. The company had \$19.8 billion in sales in 2020. The company sells more than 1 million engines annually as well as various related components.

---

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

Cummins has more than 57,000 employees worldwide. About a third are represented by a union. Slightly more live outside the United States than inside the U.S. Almost 27% of the workforce is made up of women and women make up about 25% of the directors and executive directors and 38.5% of the vice presidents and above. More than half of the company's employees were born outside the U.S. For more on the workforce, see page 43 of the [2020 Sustainability Progress Report](#).

---

## GENERAL DISCLOSURES

---

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

Cummins began to transform its supply chain in 2010, focusing on ways to increase efficiency, lower costs and reduce its environmental footprint. By working to better coordinate the production, shipment and delivery of goods, Cummins better serves its customers. The company puts a special focus on the synchronized warehousing of raw materials to provide scale and improve efficiency. The formation of the Power Systems segment, completed in 2016, combined the Power Generation and High Horsepower functions, which were already strongly interdependent. It allowed the company to streamline business and technical processes to accelerate innovation, grow market share and more efficiently manage its supply chain and manufacturing operations. In 2018, Cummins created a fifth business segment, the Electrified Power segment. It was renamed New Power in 2019 to reflect the company's growing efforts in electrification and hydrogen fuel cells as well as hydrogen production. To learn more about the supply chain at Cummins, see page 63 of the [2019 Sustainability Progress Report](#).

---

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

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

---

### 102-11 *Precautionary approach*

While the company has not formally adopted this terminology, a key commitment has long been that "everything we do leads to a cleaner, healthier, and safer environment." When it comes to the company's operations, Cummins is not satisfied merely to meet local regulations. The company is striving to reduce its carbon footprint by recycling and using less water and energy everywhere. The company in 2019 unveiled PLANET 2050, a strategy to address climate change and other environmental challenges. It includes specific goals in these areas that apply to all Cummins' facilities, regardless of their location. To learn more, go to page 18 of the [2020 Sustainability Progress Report](#).

---

## GENERAL DISCLOSURES

---

### 102-12 *External approaches*

In 2017, Cummins signed the U.N.'s Global Compact encouraging businesses around the world to adopt socially responsible and sustainable practices, and report on their implementation. The company also began using the U.N.'s Sustainability Development Goals as a basis for goal setting, especially in its Corporate Responsibility function. Both followed Cummins joining thousands of global companies signing the U.N. Women's Empowerment Principles in 2016. The seven principles emphasize the business case for promoting gender equality and empowering women. In 2019, Cummins signed the CEO Water Mandate, the U.N. Global Compact's effort to mobilize business leaders on water and sanitation. The company embraces "science based" targets in its efforts to reduce its carbon footprint, aligning itself with climate science. It supports the U.S. Department of Energy's Better Buildings, Better Plants initiative to conserve energy and reduce emissions. Cummins regularly works with the Environmental Defense Fund, the Health Effects Institute, BSR, Renewable Energy Buyer's Association and the International Council on Clean Transportation. Pursuant to the company's interest in green hydrogen as a clean, low-carbon energy source, the company is part of several related groups including the global **Hydrogen Council**.

---

### 102-13 *Membership of associations*

Cummins belongs to a number of organizations and associations, including: The Diesel Technology Forum, the Health Effects Institute, BSR (Business for Social Responsibility) and the Renewable Energy Buyer's Association. The company participates in the U.S. Department of Energy's Better Buildings, Better Plants initiative and the CEO Water Mandate. The company's CEO, Tom Linebarger, sits on the board of the Hydrogen Council. Cummins also works frequently with the Environmental Defense Fund. To see other partnerships, go to page 30 of the **2020 Sustainability Progress Report**.

---

## GENERAL DISCLOSURES

---

### STRATEGY

---

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

Cummins Chairman and CEO Tom Linebarger writes about the relationship between sustainability and the company's strategy in his letter on the first page of Cummins' [2020 Sustainability Progress Report](#).

---

### ETHICS AND INTEGRITY

---

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

Extensive information on the impacts, risks and opportunities facing the company can be found starting on page 17 of the [2020 Cummins Annual Report on Form 10-K](#).

---

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

Cummins in 2017 updated the company's mission, vision and values (MVV). The board was consulted, and its input is reflected in the final version. Senior executives met extensively on this topic over 12 to 16 months. It was the first update since the MVV was established in 2000. After leadership reached a tentative approval on the MVV, it was reviewed by various employees through focus groups and other means. It then went back to leadership for more review and changes before a final version was released in late July. You can see the new version of the company's mission, vision and values on page 13 of the [2020 Sustainability Progress Report](#).

---

## GENERAL DISCLOSURES

102-17

### **Mechanisms for advice and concern about ethics:**

Cummins employees have a variety of ways to seek advice or report their concerns about unethical and unlawful behavior. In addition to talking to their supervisor or human resources representative, they can also get help or report a concern online at [ethics.cummins.com](https://ethics.cummins.com) or by calling 1-800-671-9600 if they are in the United States. Phone numbers for other countries can also be found at [ethics.cummins.com](https://ethics.cummins.com). Wherever legally possible, employees may remain anonymous if they wish. An employee may also send an email to the Ethics and Compliance function or to the Legal function ([law.department@cummins.com](mailto:law.department@cummins.com)) and the appropriate person will contact them. Per company policy, an employee cannot be retaliated against for seeking advice or raising a concern. All of this information is posted on the company's internal website. To learn more, see page 50 of the [2020 Sustainability Progress Report](#).

102-18

### **Governance structure:**

The Board of Directors (see page 47 of the [2020 Sustainability Progress Report](#)) oversee the company. The duties of the Chairman and the Lead Director as well as the six standing board committees (Audit, Executive, Finance, Governance and Nominating; Safety, Environment and Technology; and Talent Management and Compensation) are laid out in the documents in the [Governance](#) section on [cummins.com](https://cummins.com) and in the [2021 Proxy Statement](#). The Board of Directors and its committees are involved on an ongoing basis with the oversight of the company's material enterprise related risks (page 54 of the [2020 Sustainability Progress Report](#)). Senior leaders, led by the Chief Operating Officer, undertake a process that identifies, categorizes and analyzes the relative severity and likelihood of different types of risk. The board committees receive frequent updates from senior leaders who have functional responsibility for managing those risks.

## GENERAL DISCLOSURES

---

### GOVERNANCE

---

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

See answer to 102-18.

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

Cummins has a Vice President – Chief Technical Officer who reports to the President and COO on several issues, including the company’s effort to reduce its environmental impact. The company’s Vice President – Corporate Responsibility reports to company leaders on Cummins’ community engagement and social efforts. Cummins’ Vice President – Ethics and Compliance reports to company leaders on ethics related issues. The company’s Vice President – Chief Financial Officer reports to the CEO on financial related matters. The CEO considers himself to be Cummins’ chief sustainability officer and among his other duties is an annual day-long meeting with the company’s environmental leadership to review Cummins’ environmental strategy and performance.

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

There is not one single person or group at Cummins charged with communicating to external stakeholders. Investor Relations, for example, talks to and meets with investors frequently. The Government Relations function is in frequent communications with lawmakers and regulators. Because leaders play a key role in the company’s Corporate Responsibility efforts (see page 32 in the **2020 Sustainability Progress Report**), they speak to a wide variety of people including non-governmental groups, not-for-profits and others in addition to government leaders and investors. Leaders are encouraged to be active in their communities in keeping with the stakeholder model Cummins operates under (see page 2 of the **2020 Sustainability Progress Report**). They weigh the interests of all stakeholders in their decisions including communities, employees, not for profits and others in addition to shareholders.

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

The company’s **2021 Proxy Statement** includes extensive information about members of the Board of Directors, their duties, and the strengths they bring to the board.

---

## GENERAL DISCLOSURES

---

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

---

Tom Linebarger is Chairman of the Board of Directors and Chief Executive Officer at Cummins. He is the only Cummins employee on the 13-member Board of Directors. This model has worked well for the company, producing strong results. The board is sufficiently empowered to provide effective oversight. Cummins is fortunate to have an outstanding Lead Director, former U.S. Secretary of Labor Alexis Herman. She joined the board in 2001. To learn more, see the [2021 Proxy Statement](#).

---

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

---

The board composition is discussed starting on page 3 of the [2021 Proxy Statement](#). A statement on diversity is included on page 8 of the proxy. Independence is also addressed on page 3. Bios of each board member start on page 17 of the proxy. The board added a 13th member in May 2021, after the proxy was posted. It now has five women, five members of diverse backgrounds and 12 independent members consistent with the definition established by the U.S. Securities and Exchange Commission and the New York Stock Exchange.

---

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

---

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

---

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

---

The Board of Directors reviewed Cummins' updated mission, vision and values before their adoption in 2017 (See 102-16). In 2019, the board, working with senior leaders, designated climate change as an "enterprise risk" that is actively managed by the company (see page 54 of the [2020 Sustainability Progress Report](#)).

---

## GENERAL DISCLOSURES

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

## GENERAL DISCLOSURES

---

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

---

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

---

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

---

A cross-functional management review group oversees the company's sustainability reporting, including the Vice President – Ethics and Compliance, the Vice President – Human Resources, the Vice President – Government Relations, the Vice President – Corporate Communications, the Vice President and Chief Administrative Officer and the Executive Director – Technical and Environmental Systems.

---

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

---

Shareholders and other interested parties may communicate with the board, including its Lead Director and other non-management directors, by sending a written communication to the directors, c/o the Board Secretary, 301 East Market St., Indianapolis, Indiana 46204. All such communications will be reviewed by the secretary or her designee to determine which communications are appropriate to be forwarded to the directors. All communications will be forwarded except those that are related to Cummins products and services, are solicitations or otherwise relate to improper or irrelevant topics. For more see page 15 of the company's **2021 Proxy Statement** for the 2020 Annual Meeting.

---

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

---

See Cummins' **2020 Annual Report on Form 10-K** starting on page 17.

---

## GENERAL DISCLOSURES

---

### REMUNERATION

---

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

Compensation is discussed on page 5 of the [2021 Proxy](#) while the “Compensation Discussion and Analysis” section starts on page 26, providing detailed information about Cummins’ executive compensation program. See also a discussion of Board of Directors’ compensation starting on page 69.

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

The board’s Compensation Committee engaged Fariant Advisors LLC as its independent compensation consultant to provide input and advice to the committee. See page 31 of the [2021 Annual Proxy Statement](#). Fariant’s work did not present any conflict of interest.

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

A vote was taken on the compensation plan as part of the company’s Annual Meeting of Shareholders held May 11, 2021. Shareholders voted in support of the company’s executive compensation. There is a public comment period at the meeting. No one raised compensation as an issue.

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

See page 68 of the [2021 Proxy Statement](#) for a complete discussion of this U.S. financial requirement.

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

See page 69 of the [2021 Proxy Statement](#).

---

## GENERAL DISCLOSURES

---

### **STAKEHOLDER ENGAGEMENT**

---

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

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

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

About a third of the Cummins workforce belongs to unions under collective bargaining agreements expiring between 2021–2025. To see more, go to the chart on page 45 of the [2020 Sustainability Progress Report](#).

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

Stakeholders are identified in several ways, via the company’s leadership on its everyday duties, through the company’s updated vision, mission and values, and through the materiality process conducted by the sustainability team in 2018- 2019, working with Deloitte. See page 7 of the [2020 Sustainability Progress Report](#).

---

# GENERAL DISCLOSURES

102-43

## Approach to stakeholder engagement:

Most engagement is through everyday contact with the groups, companies, suppliers employees and others Cummins works with to fulfill the company’s vision, mission and values. Leaders are encouraged to become active in their local communities to help them make better decisions. Cummins has long operated under the stakeholder model of leadership, which encourages leaders to take things like community health into their decision making. Employees engage with stakeholders outside the company through the normal course of business and via Cummins’ Every Employee Every Community program to build stronger communities.

STAKEHOLDER	METHOD OF ENGAGEMENT	KEY TOPICS RAISED
Customers, including fleets and OEMs	Face-to-face meetings, individual engagements	Product reliability and performance
Shareholders	Quarterly conference calls, face-to-face meetings, individual engagements, conferences	Any topics that impact earnings
Employees and contract workers	Surveys, town halls, online poll questions	Talent management, diversity and inclusion
Suppliers	Conferences, face-to-face meetings, individual engagements	Product reliability and performance, price, availability, cost, working conditions
State and national regulators	Conferences, face-to-face meetings, individual engagements	Pace and implementation of regulations
Colleges, universities and other centers of learning	Partnerships, liaison with individual departments	Technology development
Environmental and other interest groups	Conferences, face-to-face meetings, individual engagements	Climate change, resiliency, circular economy
Local and national NGOs	Conferences, face-to-face meetings, individual engagements	Environment, education, equality of opportunity
Local communities	Community meetings, face-to-face meetings, focus groups	Environment, education, equality of opportunity

## GENERAL DISCLOSURES

---

### **STAKEHOLDER ENGAGEMENT**

---

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

Cummins' engagement with customers is obvious through products such as the X15 and X12 engine platforms, which made tremendous strides in areas such as uptime and fuel economy—two major customer concerns. The company introduced an all-electric powertrain in mid-2019 as a growing number of customers look for powertrains that will reduce their carbon footprint. Cummins' history is filled with examples of the company responding to stakeholder concerns. On COVID-19, the company took its cues from health officials across the world. On social justice, Cummins created a program to address systemic racism after listening to employees and community leaders calling for change across the U.S.

---

### **REPORTING PRACTICE**

---

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

See the company's [2020 Annual Report on Form 10-K](#) starting on page 3.

---

## GENERAL DISCLOSURES

---

### **MATERIALITY**

---

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

---

**Management approach:**

---

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

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

Cummins found numerous benefits in using outside expertise, including:

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

In 2020, Cummins updated its matrix to reflect emerging issues such as public health via the COVID-19 pandemic as well as racial equity. A cross-functional internal team also renamed and combined several issues for greater clarity and reorganized the matrix to better communicate the company's priorities. To learn more, see page 3 of this report.

#### **PROCESS**

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

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

---

## GENERAL DISCLOSURES

### Management approach: (CONTINUED)

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

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

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

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

Then in 2019 and 2020, a cross-functional team built on the previous assessment by working to incorporate issues arising in the past 12 months, including the pandemic and protests over racial equity. In addition, the team explored the writings of various groups, including institutional investors and rating and ranking agencies as well as the Sustainability Accounting Standards Board (SASB) and the Task Force for Climate-related Financial Disclosures (TCFD) as well as the NASDAQ ESG Reporting Guide to see if there were issues there that weren't included in Cummins' Materiality Matrix. Finally, the team also worked to align the matrix to a matrix used by Cummins' Risk Management team.

The company also redesigned the matrix to be a more helpful tool in working with Cummins' various functions on reporting priorities.

## GENERAL DISCLOSURES

### **MATERIALITY**

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

None.

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

This report covers the 2020 calendar year.

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

This report was posted in January 2022.

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

Annual

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

Blair Clafin, Director – Sustainability Communications, Cummins Inc., 301 E. Market Street, Indianapolis, Indiana 46201

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

Core

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

Cummins' financial data is audited by PricewaterhouseCoopers LLP. The environmental, corporate responsibility, diversity, safety and governance data has been assured by Apex. Apex's assurance letters are included on [page 71](#).

## MANAGEMENT APPROACH

103-1 -  
103-3

### *Explanation of the Material Topic, Management Approach, Evaluation:*

**Product Quality and Customer Satisfaction** – Cummins believes that financial success is integral to sustainability. If a company isn't successful financially it doesn't have the resources to support the sustainable practices that often require an upfront investment. As a company that has been in business for more than 100 years, Cummins has long maintained product quality and customer satisfaction are the cornerstone of its success. This belief applies to everything Cummins does, whether it involves a joint venture the company is part of or Cummins' core operations.

**Occupational Health and Safety** – Cummins has long operated under the belief that its employees are the company's most important asset. Employees drive the innovation Cummins' customers depend on and creates brand loyalty. The importance of occupational health and safety was brought into even sharper focus in the pandemic. After communities shut down around the world, Cummins worked collaboratively across the company to prevent the spread of the virus and reopen safely. To learn more, see the Health and Safety section starting on page 37 of the [2020 Sustainability Progress Report](#). For a complete accounting of the company's efforts connected to the pandemic, go to page 63 of that report. The company collects a number of metrics for employees and contractors, alike, to create workplaces where everyone looks out for their safety and their co-workers' safety as well.

**Product GHG and Air Emissions** – Cummins wants to be a leader in addressing the world's climate challenges. The company's mission to power a more prosperous world includes creating more sustainable water supplies, cleaner air and reducing the energy Cummins uses, especially from carbon-rich sources. The company's products in-use generate the vast majority of Cummins' carbon footprint and the company recognizes Cummins' critical role in addressing this issue. The company has been on the forefront of development of low-carbon power sources, including battery and fuel-cell electric power systems. Cummins' new products include electrolyzers critical to producing renewable, low-carbon hydrogen. Cummins is also working to improve legacy products such as diesel engines, partnering with its customers to shrink greenhouse gas emissions from its products in use. To learn more, see the environment section starting on page 18 of the company's [2020 Sustainability Progress Report](#).

## GENERAL DISCLOSURES

103-1 -  
103-3

### **Explanation of the Material Topic, Management Approach, Evaluation: (CONTINUED)**

**Diversity, Equity and Inclusion** – Diversity, equity and inclusion is a core value at Cummins. The company’s focus on this topic goes back some 50 years to Cummins’ longtime CEO J. Irwin Miller. Miller believed bias of any kind served only to limit the company’s access to the people and ideas that would best serve its stakeholders. In recent years, the company’s focus has expanded to include the importance of equity and the role it plays in not only the recruiting and retention of diverse employees but also in establishing stronger communities where more people benefit from economic empowerment. The company manages this important work through numerous initiatives ranging from its Diversity, Equity and Inclusion function to its robust diverse supplier initiative as well as employee resource groups around the world. The company brings this same approach to its joint ventures. In 2020, the company established a new program—Cummins Advocating for Racial Equity (CARE). CARE seeks to dismantle institutional racism in the United States with a particular focus on police reform, criminal justice reform, social justice reform and economic empowerment. To learn more, see the Diversity, Equity and Inclusion section starting on page 40 of the **2020 Sustainability Progress Report** and a story on CARE on page 36.

**Employee Engagement and Workplace Culture** – Employee engagement and workplace culture are critical to creating the kind of diverse, inclusive and dynamic work environment Cummins’ needs to best serve its stakeholders. There are several metrics company leaders follow to judge engagement, ranging from the company’s Products in Use goal to partner with customers on reducing the GHGs emitted by Cummins products in use (see page 25 of the **2020 Sustainability Progress Report**), to the sites achieving the company’s standards for Water Neutrality and Zero Disposal (page 27 of the *2020 Sustainability Progress Report*), to participation in the company’s Every Employee Every Community program (page 33 of the *2020 Sustainability Progress Report*). The company already reports on engagement in the Ambassadors program attached to Cummins Powers Women (page 35 of the *2020 Sustainability Progress Report*). Next year, the company will be reporting on engagement in the PLANET 2050 **Influencer program**. There are several other metrics the company watches in this area. Mostly these metrics include the company’s nearly 60,000 core employees, but sometimes they include some contractors and joint venture employees as well.

## GENERAL DISCLOSURES

103-1 -  
103-3

### **Explanation of the Material Topic, Management Approach, Evaluation: (CONTINUED)**

**Cybersecurity** – The Cybersecurity function at Cummins is critically important in protecting not only customer and employee data, but Cummins’ products as they become increasingly connected to the internet of things. The company believes its holistic approach, including advanced technologies, good governance, extensive employee training, and innovative programming, is the best approach to achieving Cummins’ goal of protecting the company from cyber-attacks, which are growing in number and sophistication. This year, Cummins expanded its sustainability reporting to include a special section on cybersecurity (see page 53 of the [2020 Sustainability Progress Report](#)). While cybersecurity is an extremely sensitive topic, the company reported 19 separate policies govern the function at Cummins, which has 10 video-based training courses as well as tools allowing employees with access to the Cummins’ network to easily report phishing attempts. The cybersecurity team also performs security assessments to ensure vendors have adequate security measures in place to handle Cummins’ data. Finally, the cybersecurity team is active in product development to protect the company’s products from cyber threats.

**Environmental Compliance** – Cummins is committed to complying with all applicable environmental rules and regulations. In 2019, Cummins created a Product Compliance and Regulatory Affairs (PCRA) function to strengthen its collaboration with agencies setting emissions regulations and certification processes. The group functions independently from, and provides oversight to, product development teams and business segments at Cummins, reporting directly to the CEO. In 2020, the company certified or maintained more than 125 engine configurations with approximately 17 governing agencies around the world. These certifications represented at least 34 different emissions standards for diesel and natural gas products for on-highway, off-highway, marine and rail applications (see page 30 of the [2020 Sustainability Progress Report](#)).

**Facility Energy Use and Air and GHG Emissions** – Cummins believes in setting goals and sharing them publicly to help drive progress on certain key environmental initiatives. Facility energy use is one of those areas. The company set the goal of achieving a 32% energy intensity reduction (energy use adjusted by hours worked) from company facilities by 2020 and increasing energy procured from renewable sources. While the company did not reach 32%, mostly because of complications from the pandemic, it achieved a 27% reduction. The company increased its support for renewable energy through a virtual power purchase agreement with an Indiana wind farm and the addition of solar arrays at 45 company locations. To learn more, see the environment section starting on page 17 of the [2020 Sustainability Progress Report](#).

## GENERAL DISCLOSURES

103-1 -  
103-3

### *Explanation of the Material Topic, Management Approach, Evaluation: (CONTINUED)*

**Supply Chain Environmental Performance** – Cummins supports supply chain environmental performance through the company’s Supplier Code of Conduct., which specifically states suppliers have a responsibility to protect the environment and conserve natural resources. “We expect Cummins suppliers and their subcontractors to comply with all applicable environmental laws, regulations and standards,” the **Supplier Code of Conduct** states. Company personnel look for environmental issues as part of Cummins’ Eyes Open Audits, conducted when employees visit a supplier to check on contract issues and other matters. To learn more, see page 66 of the **2020 Sustainability Progress Report**.

**Supply Chain Working Conditions** – Cummins’ oversight of supply chain working conditions begins with both the company’s Supplier Code of Conduct and Cummins’ Human Rights Policy. Both explicitly call for suppliers to treat their employees with dignity and respect. “Cummins supports internationally recognized human rights and we will comply with all applicable laws regarding the treatment of our employees and other stakeholders,” the code states. “We insist that our suppliers also uphold these principles and we are committed to working with all suppliers and other partners as they undertake similar assessments of their own business and develop their own approach to respecting human rights.” Both documents preclude forced or child labor, promote diversity, equity and inclusion; fair wages and freedom of association. Working conditions are also monitored using the Eyes Open Audits. To learn more, see page 66 of the **2020 Sustainability Progress Report**.

# ECONOMIC STANDARDS

---

## **ECONOMIC PERFORMANCE**

---

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

In 2020, Cummins earned a net income of \$1.8 billion on sales of \$19.8 billion. For a full discussion on the company's finances, please see the company's [2020 Annual Report on Form 10-K](#).

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

Climate change presents both risk and opportunity for Cummins. For example, more than a third of the company's water use is in water stressed areas, potentially impacting the company's supply chain. It's an opportunity, however, in that companies wanting to do business in countries that want to reduce their production of greenhouse gases (GHG) may choose to use clean, efficient Cummins products, including the company's newest electrified powertrains. Cummins is engaged in the Science Based Targets initiative, which uses environmental science to support companies with GHG reduction target setting, consistent with limiting global warming to 2 degrees Celsius or lower. The company's PLANET 2050 strategy includes science-based goals. To learn more, see page 17 of the company's [2020 Sustainability Progress Report](#).

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

The company's pension plans are discussed on page 50 and throughout the [2020 Annual Report on Form 10-K](#).

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

Cummins does not do this calculation, but the company does work in public-private partnerships to encourage innovation. To see more on Cummins' partnerships with the Department of Energy and others, go to page 59 of the [2020 Sustainability Progress Report](#). A government body can also be a customer such as a transit company purchasing engines for buses or a city purchasing a generator to provide backup power for a government building.

---

## **ECONOMIC STANDARDS**

---

### **MARKET PRESENCE**

---

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

---

Cummins does business in some 190 countries around the world, making this kind of calculation extremely difficult. The company's Code of Conduct states that Cummins follows the law everywhere. Cummins recognizes that market-based pay rates, at times, do not deliver wages necessary for a sustainable lifestyle. To that end, the company collects "Living Wage" data to ensure Cummins' wages provide a sustainable living condition for its employees. Living Wage data is sourced from BSR (Business for Social Responsibility), an independent organization committed to building a just and sustainable world. See page 43 of the [2020 Sustainability Progress Report](#) to learn more.

---

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

---

As a global company, Cummins wants its management to reflect the markets where the company does business and isn't concentrated in one or two countries. The number of leaders from outside the U.S. has been growing steadily since 2000 and in 2020 was nearly 50%.

---

### **PROCUREMENT PRACTICES**

---

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

---

As a global company, defining "local" is difficult. In August 2016, Cummins was inducted into the Billion Dollar Roundtable, a prestigious advocate for best practices in corporate supplier diversity. Members must have exceeded \$1 billion in annual spending with diverse suppliers. In 2020, about 8% of the company's supplier spending went to businesses self-identifying as diverse in their region of the world.

---

## **ECONOMIC STANDARDS**

---

### **ANTI-CORRUPTION**

---

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

Cummins assesses ethics related risk as much by position as by facility. The company offers 10 primary ethics and compliance training courses, which can be mandatory for people working in certain occupations. Anti-corruption training has been rolled out to employees and contractors and Cummins is working on expanding training in the company's joint ventures. To learn more about the company's efforts, go to the Ethics and Compliance section on page 50 of the company's [2020 Sustainability Progress Report](#).

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

Cummins conducts an Ethics Certification campaign asking employees and members of the company's Board of Directors to state they are following all key compliance policies. The Ethics and Compliance team reviews any exceptions and works with Cummins' Human Resources function to document and investigate those exceptions. The company also includes several anticorruption mandatory trainings, including anti-bribery, conflicts of interest, doing business ethically and preventing money laundering. To learn more, see page 50 of the [2020 Sustainability Progress Report](#).

---

## **ECONOMIC STANDARDS**

---

### **ANTI-CORRUPTION**

---

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

---

Cummins includes violations of its Code of Business Conduct in the company's sustainability reporting. It does not, however, break out its reporting by the specific type of violation. The company has a team of master investigators who investigate complaints in countries around the world. In 2020, 1,601 cases were investigated, 51% were substantiated and 37% of the substantiated cases led to terminations. A chart looking at Code of Conduct cases back to 2017 can be found on page 51 of the [2020 Sustainability Progress Report](#). The company did not report any court cases material to the company financially in the [2020 Annual Report on Form 10-K](#).

---

### **ANTI-COMPETITIVE BEHAVIOR**

---

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

---

Cummins reported no such cases material to the company's financial performance in the [2020 Annual Report on Form 10-K](#).

---

# ENVIRONMENTAL STANDARDS

## 302 AND 305 – ENERGY CONSUMPTION AND EMISSIONS

### Management approach:

For more detailed information of Cummins climate response and energy management, please see Cummins' 2020 CDP Climate Report and the company's 2020 Task Force on Climate-related Financial Disclosures report in the Cummins' [Sustainability Document Archive](#) as well as charts and tables in the appendix to this report.

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

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

### **POLICY DRIVEN**

Cummins' HSE policy demands that "everything we do leads to a cleaner, healthier and safer environment." To fulfill this pursuit, the company must achieve performance greater than what the applicable compliance requirements and standards demand of Cummins' operations for health, safety and environment. Cummins' leadership facilitates this effort by providing the necessary resources and information to meet aggressive improvement targets in the areas of:

- » Illness and injury prevention.
- » Health and wellbeing promotion.
- » Pollution prevention.
- » Natural resources conservation.

## **ENVIRONMENTAL STANDARDS**

### **Management approach: (CONTINUED)**

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

### **ADDRESSING CLIMATE CHANGE**

Climate change presents both an opportunity and a risk for Cummins. It's an opportunity because companies wanting to do business in countries that want to reduce their production of greenhouse gases (GHGs) may choose to use clean, efficient Cummins products, including the company's newest electrified powertrains. Cummins' New Power business segment has quickly become a leader in battery and fuel cell electric as well as electrolyzers critical for producing green hydrogen.

It's a risk, however, because there's always risk in pioneering new technologies and doing the company's part to reduce the GHGs produced by traditional products such as diesel engines. Cummins signed on to the Science Based Targets initiative (SBTi), which uses environmental science to support companies with GHG reduction target setting, consistent with limiting global warming to 2 degrees Celsius or lower.

Cummins carefully considered the recommendations of the October 2018 International Panel on Climate Change's report in calculating targets included in PLANET 2050, the company's environmental **sustainability strategy** released in 2019. The strategy includes two approved science-based targets timed to 2030. One is to reduce absolute GHG emissions from Cummins' facilities and operations (Scopes 1 and 2). The other is an absolute lifetime reduction in the company's Scope 3 GHG emissions from newly sold products by 25%. Scope 3 emissions include emissions from a product in use by a customer.

# ENVIRONMENTAL STANDARDS

## *Management approach: (CONTINUED)*

### **MEETING OBJECTIVES**

The key elements of the HSEMS are defined in Cummins' HSEMS Manual. To meet the objectives of this policy, the company has strived for:

- » Setting substantial and measurable objectives in managing health, safety and the environment.
- » Identifying and pursuing opportunities to improve the communities where Cummins operates.
- » Ensuring company products, services and activities always comply with applicable laws and requirements protecting health, safety and the environment.
- » Continually working to reduce Cummins' emissions, generated waste, and use of natural resources.
- » Promoting employee engagement and understanding of relevant facets of the HSEMS.
- » Evaluating the machinery, equipment, products and services the company uses, preferring those with the best possible health, safety and environmental performance.
- » Transparency in Cummins' efforts to improve health, safety and environment.
- » Periodically reviewing and communicating the company's progress toward its objectives.

### **A HISTORY OF PROGRESS**

The company's Enterprise Environmental Management System (EMS), created in 2003 in accordance with ISO 14001, has played a critical role in Cummins' global environmental footprint reductions and other improvements. The company adopted a model that includes a common framework to ensure a similar look, feel and fundamental approach throughout the organization.

The EMS has the flexibility to allow individual sites and business segments to address the risks and opportunities most important to them. Cummins has integrated health and safety processes and procedures with the environment since 2007, in accordance with OHSAS 18001 Occupational Health & Safety Management System, and since 2018 has been migrated to meet the new ISO 45001, to create the company's Enterprise Health, Safety and Management System (HSEMS).

## **ENVIRONMENTAL STANDARDS**

### **Management approach: (CONTINUED)**

The system has served as the framework for driving continual improvement and efforts beyond compliance at Cummins operations around the world. The company expects all sites to comply with its policy, procedures and initiatives. Broad objectives and targets are set at the corporate level to establish direction for critical corporate initiatives. Cummins' regional operating teams, business units and sites then build upon them to establish site-specific objectives that align with company priorities but address site-specific needs and challenges.

### **BROAD APPLICATION**

Cummins' policies apply to more than just its employees, extending to contingent workers, suppliers, contractors and even customers working at company facilities. Cummins' expectations also extend beyond the company's physical boundaries, encompassing maintenance and support services that occur at off-site locations. Cummins strategically drives certification to recognized international standards.

Since 2003, the company has focused on its manufacturing locations with the majority of manufacturing sites certified to ISO 14001 and ISO 45001. As the company continues to grow and expand its business, so does the effort to implement and gain certification for the added sites. The company works toward achieving HSEMS Enterprise dual-certification for all manufacturing sites, and where feasible, distribution locations.

As of 2020, the Cummins HSEMS Enterprise Certificate covers 342 locations globally and the corporate offices. Cummins' HSEMS scope has been extended to encompass manufacturing joint ventures and distributors. In 2017, Cummins focused on transitioning certified sites to the ISO 14001:2015 Standard. This transition continued into 2018. Cummins has expanded the ISO 14001:2015 at its corporate level to encompass the Corporate Environmental Sustainability Committee and Product Certification & Regulatory Affairs – enabling Cummins to strategically plan beyond manufacturing facilities and operations.

By incorporating practices and procedures into the HSEMS to meet the ISO 50001 Energy Management Standard, Cummins has delivered common global goals to make energy efficiency a standard practice across the company. Cummins' regional operating teams, business units and sites then build upon them to establish site-specific objectives that align with company priorities but address site specific needs and challenges.

# ENVIRONMENTAL STANDARDS

## Management approach: (CONTINUED)

At the global level, by the end of 2020, 45 sites were certified to the ISO 50001 energy management system, including nine sites certified to the Superior Energy Performance Standard (ANSI/MSE 50021). In 2021, one additional site will be working towards achieving certification to the Superior Energy Performance Standard (ANSI/MSE 50021).

### AUDITING AND DATA CERTIFICATION

Environmental goals are measured through a structured audit process. A third-party auditor (certification body), SGS (Société Générale de Surveillance) certifies the HSEMS and Apex assures the environmental metrics Cummins collects. Since 2011, Cummins' environmental footprint, the company's data collection and its verification processes have been audited by external auditors.

Cummins supplements the HSEMS audit sampling conducted by SGS by conducting its own annual audits using internally trained HSE auditors. Sites are audited on an annual basis in accordance with the HSEMS Internal Audit protocol. The company has developed an internal environmental auditor certification process, where employees complete a training course and then a series of audit levels.

By the end of 2018, Cummins had an auditor pool of 126 certified lead auditors globally that represent cross-functional leaders in HSE, facilities and operations roles such as testing, quality and manufacturing operations. This auditor pool continues to be maintained.

### ASSURANCE AND CERTIFICATION

STANDARD	COVERAGE	CERTIFICATION
ISO 1402:2015 Environmental Management System	342 locations globally and corporate offices	SGS (Société Générale de Surveillance)
ISO 5001:2018 Energy Management System	36 locations globally and corporate offices	SGS (Société Générale de Surveillance)
Superior Energy Performance and ISO 50001:2018	Six locations in North America and three in Mexico	DEKRA
ASSURED PROCESS AND DATA	COVERAGE	ASSURER
Water, waste, energy	All Cummins	Apex Companies

# ENVIRONMENTAL STANDARDS

## Management approach: (CONTINUED)

FUEL TYPE	202 TOTAL MWH CONSUMED	EMISSION FACTOR SOURCE	COMMENT
Fuel Oil Number 2	439,037	Solid, gaseous, liquid, and biomass fuels: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410. Revised emission factors for selected fuels: Federal Register (2010) EPA; 40 CFR Part 98; Mandatory Reporting of Greenhouse Gases; Final Rule, 17Dec10, 81 pp. With Amendments from Memo: Table of Final 2013 Revisions to the Greenhouse Gas Reporting Rule (PDF) to 40 CFR part 98, subparts C and AA: Table C-1 to Subpart C—Default CO <sub>2</sub> Emission Factors and High Heat Values for Various Types of Fuel, Table C-2 to Subpart C—Default CH <sub>4</sub> and N <sub>2</sub> O Emission Factors for Various Types of Fuel, and Table AA-1 to Subpart AA of Part 98— Kraft Pulping Liquor Emissions Factors for Biomass-Based CO <sub>2</sub> , CH <sub>4</sub> , and N <sub>2</sub> O.	This is used for Scope 1 Stationary Combustion emissions.
Natural Gas	498,830	Solid, gaseous, liquid and biomass fuels: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410. Revised emission factors for selected fuels: Federal Register (2010) EPA; 40 CFR Part 98; Mandatory Reporting of Greenhouse Gases; Final Rule, 17Dec10, 81 pp. With Amendments from Memo: Table of Final 2013 Revisions to the Greenhouse Gas Reporting Rule (PDF) to 40 CFR part 98, subpart C: Table C-1 to Subpart C—Default CO <sub>2</sub> Emission Factors and High Heat Values for Various Types of Fuel and Table C-2 to Subpart C—Default CH <sub>4</sub> and N <sub>2</sub> O Emission Factors for Various Types of Fuel.	This is used for Scope 1 Stationary Combustion emissions.
Propane Liquid	12,193	Solid, gaseous, liquid and biomass fuels: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410. Revised emission factors for selected fuels: Federal Register (2010) EPA; 40 CFR Part 98; Mandatory Reporting of Greenhouse Gases; Final Rule, 17Dec10, 81 pp. With Amendments from Memo: Table of Final 2013 Revisions to the Greenhouse Gas Reporting Rule (PDF) to 40 CFR part 98, subpart C: Table C-1 to Subpart C—Default CO <sub>2</sub> Emission Factors and High Heat Values for Various Types of Fuel and Table C-2 to Subpart C—Default CH <sub>4</sub> and N <sub>2</sub> O Emission Factors for Various Types of Fuel.	This is used for Scope 1 Stationary Combustion emissions and Mobile Emissions.
Motor Gasoline	53,996	Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2. Climate Leaders Greenhouse Gas Inventory Protocol Core Module Guidance - Direct Emissions from Mobile Combustion Sources, Table B-5. The CH <sub>4</sub> and N <sub>2</sub> O are calculated using Climate Leaders Mobile Sources Guidance, Table 3; Global warming potential Source: Intergovernmental Panel on Climate Change (IPCC), Fourth Assessment Report (AR4), 2007.	This is used for calculating Scope 1 Mobile Combustion emissions.
Stationary Gasoline	431	Federal Register EPA; 40 CFR Part 98. Table C-1, Table C-2 (as amended at 81 FR 89,252, Dec. 9, 2016), Table AA (78FR 71965, Nov. 29, 2013). As referenced in "Table 1. Stationary Combustion" of the Emission Factors for Greenhouse Gas Inventories guidance published by the Center for Corporate Climate Leadership at the United States Environmental Protection Agency (last updated April 1 2021)	This is used for Scope 1 Stationary Combustion emissions.
Diesel	101,107	US EPA Emission Factors for Greenhouse Gas Inventories Last Modified: 4 April 2014 Solid, gaseous, liquid and biomass fuels: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410. Revised emission factors for selected fuels: Federal Register (2010) EPA; 40 CFR Part 98; Mandatory Reporting of Greenhouse Gases; Final Rule, 17Dec10, 81 pp. With Amendments from Memo: Table of Final 2013 Revisions to the Greenhouse Gas Reporting Rule (PDF) to 40 CFR part 98, subpart C: Table C-1 to Subpart C—Default CO <sub>2</sub> Emission Factors and High Heat Values for Various Types of Fuel and Table C-2 to Subpart C—Default CH <sub>4</sub> and N <sub>2</sub> O Emission Factors for Various Types of Fuel. The CH <sub>4</sub> and N <sub>2</sub> O are calculated using Climate Leaders Mobile Sources Guidance, Table 3; Global warming potential Source: Intergovernmental Panel on Climate Change (IPCC), Fourth Assessment Report (AR4), 2007.	This is used for Scope 1 mobile source emissions and Scope 3 Use of Sold Products emission calculations.
Jet Kerosene	7,653	Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2. Climate Leaders Greenhouse Gas Inventory Protocol Core Module Guidance - Direct Emissions from Mobile Combustion Sources, Table B-5. The CH <sub>4</sub> and N <sub>2</sub> O are calculated using Climate Leaders Mobile Sources Guidance, Table 3; Global warming potential Source: Intergovernmental Panel on Climate Change (IPCC), Fourth Assessment Report (AR4), 2007.	This is used for calculating Scope 1 mobile source emissions.

# CORPORATE HEALTH, SAFETY AND ENVIRONMENTAL POLICY



POLICY OWNER: VP of Global Supply Chain and Manufacturing

CCP-0015  
formerly CORP-00-08-00-00

## Corporate Health, Safety and Environmental Policy

### SCOPE

This policy applies globally to the employees of Cummins entities in which Cummins has a controlling ownership interest or management responsibility, including our subsidiaries, joint ventures, affiliated companies and distributors. If Cummins does not have a controlling ownership interest or management responsibility, Cummins will take reasonable steps to require compliance with this policy and the law.

### POLICY

Our mission demands that everything we do leads to a cleaner, healthier and safer environment. This requires the attention and care of every employee, including leadership, throughout the company. Cummins' leadership will facilitate these efforts by providing the necessary resources and information to meet aggressive improvement targets in the areas of:

- illness and injury prevention;
- health and wellbeing promotion;
- health, safety and environmental risk reduction;
- pollution prevention; and
- natural resources conservation.

Cummins has implemented the [Enterprise Health, Safety and Environmental Management System](#) (HSEMS), consisting of procedures, processes and tools, to aid in meeting the objectives of this policy. The key elements of the HSEMS are defined in [Cummins' HSEMS Manual](#).

To meet the objectives of this Policy, we must:

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

CUMMINS CORE POLICY

PUBLIC

Page 1 of 2



Corporate Health, Safety and Environmental Policy

CCP-0015

- the amount of natural resources that we use, including water, energy and raw materials;
5. provide the means to ensure employee understanding of relevant facets of the HSEMS and to engage with the workforce to allow their consultation and participation in assessing and addressing areas of HSE risk to the company;
  6. systemically assess operations that have the potential to harm people or impact the environment and aggressively work towards risk elimination;
  7. evaluate the machinery, equipment, products and services we use, preferring those with the best possible health, safety and environmental performance;
  8. be transparent in our efforts to improve health, safety and environment by reporting details of our performance to the public; and
  9. periodically review and communicate our progress toward our objective.

### CONTACT FOR MORE INFORMATION

For questions or concerns relating to this policy or to report possible violations, employees can seek assistance by contacting:

- Your Supervisor
- Your Regional Leader
- Your ABO Leader

You can report concerns through the Ethics Help Line.

If you are not comfortable taking your concerns to the above resources, you may report any concern to the Cummins Ethics Help Line. Go to [ethics.cummins.com](#) for information on how to report your concern either online or by phone in your country.

You may report your concern anonymously where allowed by law.

Cummins strictly forbids retaliation against employees who report concerns.

No action will be taken against you for reporting your concerns. Refer to the [Employee Non-retaliation Policy](#) for more information.

### ASSOCIATED DOCUMENT AND RESOURCE LINKS

ISO 14001, Current edition

ISO 45001, Current edition

ISO 50001, Current edition

[Health Safety and Environmental Management System \(HSEMS\) Manual](#) CORP-08-01-00-00

Initial Release Date	Last Updated	VP Owner	Responsible Function
11/19/2001	03/02/2020	Peter Anderson	Supply Chain Planning

### HELPFUL LINKS:

[Corporate Health, Safety and Environmental Policy](#)

[ethics.cummins.com](#)

[Employee Non-retaliation Policy](#)

## ENVIRONMENTAL STANDARDS

### 302 – ENERGY CONSUMPTION

#### 302-1 Energy consumption within the organization:

The data presented, C8.2a and C8.2c of Cummins' 2020 CDP Climate Change Report, are tabulated below:

	MWH FROM RENEWABLE SOURCES	MWH FROM NON-RENEWABLE SOURCES	TOTAL MWH
Consumption of fuel (excluding feedstock).	0	1,113,247	1,113,247
Consumption of purchased or acquired electricity.	231,305	683,540	914,845
Consumption of purchased or acquired heat.	Not applicable	Not applicable	Not applicable
Consumption of purchased or acquired steam.	0	18,173	18,173
Consumption of purchased or acquired cooling.	Not applicable	Not applicable	Not applicable
Consumption of self-generated non-fuel renewable energy.	15,970	Not applicable	15,970
Total energy consumption	247,275	1,814,960	2,062,235

#### 302-2 Energy consumption outside the organization:

See the table for 302-1 above.

# ENVIRONMENTAL STANDARDS

## 302-4 Reduction of energy consumption:

See at [Sustainability Document Archive:](#)

- » 2020 CDP Section C4.3a: Emission reduction initiatives identify total number of projects at each stage of development. Implemented projects are expressed in total estimated annual CO<sub>2</sub> e savings.
- » 2020 CDP Section 4.3b: provides details on the initiatives implemented in the reporting year in CO<sub>2</sub> e.
- » 2020 CDP Section C4: Targets and Performance requires information of emission intensity targets and progress made against those targets; the metric is in CO<sub>2</sub> e.

## 302-5 Reductions in energy requirements of products and services:

See pages 25 and 58 of the Cummins [2020 Sustainability Progress Report](#). The figures tabulated below show how Research, Development and Engineering spending correspond to reductions in carbon dioxide (CO<sub>2</sub>) working with customers to optimize fuel the fuel economy of Cummins products in-use.

YEAR	RUN RATE IN METRIC TONS
2014	0.7 million
2015	1.6 million
2016	2.9 million
2017	3.4 million
2018	4.3 million
2019	4.6 million
2020	4.9 million

### RESEARCH AND DEVELOPMENT

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



## **ENVIRONMENTAL STANDARDS**

**302-5**

***Reductions in energy requirements of products and services: (CONTINUED)***

### ***REMANUFACTURING ALSO SAVES ENERGY***

Since 95% of Cummins products are made of metal, many of the company's components are inherently recyclable. Cummins' remanufacturing business is the company's first and oldest "green business" and the ultimate form of the "three Rs" – reduce, reuse and recycle. Remanufacturing returns Cummins' engines and parts to productive use, keeping them out of landfills longer. In addition, the practice saves energy that would otherwise be used to manufacture new products. Specifically, within the remanufacturing business, 90% of products sold are returned to be remanufactured. The company estimates that approximately 5% of Cummins total products sold (not all are candidates for remanufacture) are returned to be remanufactured. Some countries do not permit the sale of remanufactured items. Others will only allow remanufactured items to be sold in the country of their original manufacture. In still other cases, Cummins engines and components are remanufactured by other third parties. See more on the company's commitment to product stewardship in a special **2018 report**.

# ENVIRONMENTAL STANDARDS

## 305 – EMISSIONS

### Management approach:

See [Disclosure 302 – Energy Management Approach](#).

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

### 305-1 Direct (Scope 1) GHG emissions:

Direct (and indirect) emissions in CO<sub>2</sub> metric tons equivalent are provided on [page 82](#). Please also see Cummins’ 2021 CDP Climate Change disclosure. The company’s Scope 1 emissions, tabulated below, include: (1) Stationary combustion, (2) Generation of sold electricity, (3) Fugitive SF<sub>6</sub>, CO<sub>2</sub>, (4) Mobile sources and (5) Refrigerant emissions. 2010 is used as the company’s base year, with Scope 1 emissions equaling 249,097 mt CO<sub>2</sub>e.

GREENHOUSE GAS	SCOPE 1 (METRIC TONS OF CO <sub>2</sub> E)	GWP REFERENCE
CO <sub>2</sub>	242,712	IPCC Fourth Assessment Report (AR4 – 100 year)
CH <sub>4</sub>	171	IPCC Fourth Assessment Report (AR4 – 100 year)
N <sub>2</sub> O	400	IPCC Fourth Assessment Report (AR4 – 100 year)
HFCs	15,118	
Other (Fugitive SF <sub>6</sub> CO <sub>2</sub> )	36	
Biologically sequestered carbon	14.57	
Gross Global Scope 1	258,437	

## ENVIRONMENTAL STANDARDS

305-2

### Indirect (Scope 2) GHG emissions:

Cummins reported both Scope 2 location-based and market-based figures for 2020. Indirect emissions in CO<sub>2</sub> metric tons equivalent are provided on [page 82](#) of this edition of the Data Book as well as in the company's 2021 CDP Climate disclosure.

In 2020, the company's Scope 2 emissions equaled 440,616 Mt CO<sub>2</sub>e using the location-based calculation methodology and 336,092 Mt CO<sub>2</sub>e employing the market-based approach. Electricity, hot water, and steam are included in Cummins' Scope 2 emissions. The baseline to which emissions were compared was 2010, with Scope 2 location-based emissions equaling 547,158 Mt CO<sub>2</sub>e and market-based emissions 547,158 Mt CO<sub>2</sub>e in that year.

Scope 2 market-based emissions in 2020 were significantly less than location-based emissions in part because of the inclusion of renewable energy certificates (RECs) retained by Cummins for approximately 112,725 metric tons of CO<sub>2</sub>e (carbon dioxide equivalent) associated with a virtual power purchase agreement (VPPA). Updated emission factors reduced greenhouse gases (GHGs) associated with electricity purchased from the grid by approximately 43,000 metric tons of CO<sub>2</sub>e, a change which can be partially attributed to improvements in the carbon intensity of the grid in at least some of the regions where Cummins operates.

The following sources were used to calculate location-based emissions: 1) US EPA eGRIDee 2019, (14th edition), February 23, 2021. 2) Australia: Latest estimated Scope 2 emission factors for consumption of purchased electricity from the grid as given in Table 44 ("Electricity emission factors for end users") of the National Greenhouse Gas Accounts (NGGA) Factors published in October 2020. 3) Canada: National Inventory Report 1990-2018: Greenhouse Gas Sources and Sinks in Canada, Part 3. Annex 13: Emission Factors, Tables A13-1 to A13-14. 4) Facilities outside of the United States, Canada, and Australia used factors for 2018 from the "CO<sub>2</sub> Emissions from Fuel Combustion" (2020 Edition) published by the International Energy Agency (IEA) in Paris. For market-based calculations, Cummins used residual mix factors for European facilities from the Association of Issuing Bodies, "European Residual Mixes: Results of the calculation of residual mixes for the calendar year 2018," Version 1.2, 2019-07-11. The calculations default to location-based factors for facilities outside of Europe where residual mix factors are not currently available.

## ENVIRONMENTAL STANDARDS

305-3

### **Other indirect (Scope 3) GHG emissions:**

Cummins' 2020 Scope 3 GHG emissions are detailed below, broken down by emission categories. Please also see the company's [2021 CDP Climate Change disclosure](#).

**Purchased goods and services resulted in 3,826,000 Mt CO<sub>2</sub>e.** Cummins' total spend data for direct purchasing (including raw materials - metals and commodities usage) as well as total 2020 indirect purchasing expenses (including supply chain services, facilities services, IT and engineering, corporate services, etc.) were used to estimate the associated Scope 3 emissions. For purchased raw materials, a cradle-to-gate approach was used to estimate the Scope 3 emissions using the 2011 purchasing data.

2020 emissions were calculated based on a revenue change factor. For indirect purchasing goods and services, the UK DEFRA's Standard Industrial Classification (SIC) Codes closest to the spend category and 2009 emission factors were utilized to estimate the Scope 3 emissions (Reference/Source of Emission factors: Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance; March 2019; defra.uk). – Supply Chain Services: 20% assumed as ancillary transport services (SIC Code 63) under purchased goods and services; 80% is assumed transportation and distribution of products and parts. - Corporate Services: 10% as insurance and pension funds (SIC Code 66); 10% auxiliary financial services (SIC Code 66); and 80% as legal, consultancy, other business activities (SIC Code 74) Facilities Services: 75% assumed as purchased goods and services and the rest 25% as capital goods.

Of the 75%, assumed 50% as real estate activities (SIC Code 70); 25% as legal, consultancy, other business activities - industrial cleaning (SIC Code 74); 25% sewage and refuse services (SIC Code 90) – Product Testing and Manufacturing Services: 75% assumed as research and development (SIC Code 73) under purchased goods and services and 25% as capital goods; - IT & Engineering Services: 50% assumed as purchased goods and services and 50% as capital goods. ; - IT & Engineering Services: 50% assumed as purchased goods and services and 50% as capital goods.

Within purchased goods, 50% is assumed as computer services (SIC Code 72) and 50% as metal products – general mechanical engineering services (SIC Code 28) - Indirect/Undefined: 50% assumed as office machinery and computers (SIC Code 30) under purchased goods and services and 50% as capital goods. The company used 2020 indirect purchase data and also emissions estimated during Cummins' environmental hot spot analysis study conducted in 2012 based on 2011 data adjusted to 2020 revenue. The hot spot analysis also includes the direct purchases of metals and other raw materials that go into the manufacturing of engines.

## ENVIRONMENTAL STANDARDS

305-3

### **Other indirect (Scope 3) GHG emissions: (CONTINUED)**

Within purchased goods, 50% is assumed as computer services (SIC Code 72) and 50% as metal products – general mechanical engineering services (SIC Code 28) - Indirect/Undefined: 50% assumed as office machinery and computers (SIC Code 30) under purchased goods and services and 50% as capital goods. Cummins used 2020 indirect purchase data and also emissions estimated during the company's environmental hot spot analysis study conducted in 2012 based on 2011 data adjusted to 2020 revenue. The hot spot analysis also includes the direct purchases of metals and other raw materials that go into the manufacturing of engines.

**Capital goods resulted in 458,000 Mt CO<sub>2</sub>e.** Cummins total 2020 spend data for capital goods purchases in facilities and construction, IT, engineering and machinery was used to estimate the Scope 3 emissions. UK DEFRA's SIC Codes closest to the spend category and 2009 emission factors were utilized to estimate the Scope 3 emissions (Reference/Source of Emission factors: Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance; March 2019; defra.uk). Cummins assumes that 100% of the indirect purchasing on facilities and construction is towards capital goods purchases. The company used 2020 indirect spend data to update the calculations as described in the calculation methodology.

**Fuel-and-energy-related activities (not included in Scope 1 or 2) resulted in 150,000 Mt CO<sub>2</sub>e.** Energy consumption data for activities not included in Scope 1 or 2 is grouped by type (e.g. natural gas) and multiplied by activity specific emission factors. Life-cycle analysis software is used as the basis of emission factors for upstream emissions of purchased fuels. Emission factors for upstream emissions of purchased electricity are based on life-cycle analysis software for the US and on UK Defra 2012 Guidelines for other countries. Emission factors for T&D losses are based on EPA's eGRID database for the US and on UK Defra 2012 guidelines for other countries. GWPs are IPCC Fourth Assessment Report (SAR - 100 year). Includes Scope 3 emissions from fuel and energy related activities from owned and operated facilities, 50:50 joint ventures subscribed to Cummins Enterprise Environmental Management System and 50:50 manufacturing joint ventures where Cummins has significant influence on operations.

**Upstream transportation and distribution resulted in 835,000 Mt CO<sub>2</sub>e.** Emissions in 2020 from transportation and distribution were assumed to be equal to 80 percent of the supply chain services spend. It was also assumed that 70 percent of the logistics was through road, 10 percent through rail, 10 percent through water and 10 percent through air. UK DEFRA's SIC Codes for Rail, Road, Water and Air categories and 2009 emission factors were utilized to estimate the Scope 3 emissions (Reference/Source of Emission factors: Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance; March 2019; defra.uk). Cummins used 2020 indirect spend data for Supply Chain Services—Transportation and Distribution—to calculate the upstream transportation and distribution emissions as described in the methodology.

## ENVIRONMENTAL STANDARDS

305-3

### *Other indirect (Scope 3) GHG emissions: (CONTINUED)*

**Waste generated in operations resulted in 3,300 Mt CO<sub>2</sub>e.** The Waste Reduction Model (WARM) created by the U.S. Environmental Protection Agency (EPA) was used to quantify the Scope 3 emissions for the landfilled waste, combusted waste and composted waste from Cummins global facilities for the year 2020. As there were no separate categories available for incinerated waste and waste that was burned for energy recovery, both were included in the combusted waste category and default factors in the tool were used to calculate the GHG emissions. Due to non-availability of exact categories, the general refuse / garbage generated was categorized as mixed organics as it includes primarily food waste from canteen, grass clippings from lawn etc. and the process derived industrial waste was categorized as mixed MSW. Composted waste data from global facilities and the same was included in the emissions analysis (Reference/Source: EPA WARM Model). In 2020, Cummins recycled about 93 percent of the global waste generated. This includes metals, electronic items, paper, plastics and corrugated boxes. As the model shows a GHG reduction for recycled product categories, the same was not included in the WARM model. There was significant reduction in landfill waste from 19,500 MT to 13,300MT in 2020.

**Business travel resulted in 23,900 Mt CO<sub>2</sub>e.** All air travel data is tracked through a service provided to Cummins by American Express. Emissions are calculated using the short, medium, and long-haul air travel categories and associated emission factors given in Table 8 of US EPA EF Hub March 9, 2018. Car rental mileage is provided by rental car companies (Hertz and Enterprise). The total emissions for Enterprise are calculated using US EPA EF Hub Passenger Car factors in the March 9, 2018 edition. Total CO<sub>2</sub>e emissions were calculated by Hertz using “industry standard calculation protocols.” However, the precise methodology and data upon which this total was based were not provided by Hertz. This data is emissions from air travel for flights and car rentals worldwide.

**Employee commuting resulted in 68,000 Mt CO<sub>2</sub>e.** Calculations derived from general country (outside of U.S.) direct data and assumptions plus per state employee headcount data. Some direct and some derived assumptions of commuter mileage and mode of transportation. (Source of Emission factors: US EPA (2008); Greenhouse Gas Inventory Protocol Core Module Guidance - Direct Emissions from Mobile Combustion Sources, EPA Climate Leaders, Tables A-6 and A-7). Cummins employees outside of the U.S. tend to use transportation modes other than single-passenger personal vehicles more than their U.S. counterparts. While it results in fewer GHG emissions, it is harder to track. This data represents the estimates conducted in 2012 by the regional environmental leaders and adjusted for 2019 employee headcount.

## ENVIRONMENTAL STANDARDS

305-3

### *Other indirect (Scope 3) GHG emissions: (CONTINUED)*

**Upstream lease assets resulted in 19,000 Mt CO<sub>2</sub>e.** Cummins leased facilities exempt from environmental reporting that are shared facilities with no operational control, separate meter and utility bills are considered in this category. Based on the Area Business Organization (ABO), Business Unit (BU) and facility type (Eg: Office, Warehouse etc), Scope 1 and Scope 2 emissions intensity were estimated and applied based on the occupied square footage. The total square footage is assumed to be roughly the same as 2012. The Scope 1 and Scope 2 intensity is based on the average country specific Scope 1 and Scope 2 emission intensities of Cummins owned/managed facilities. The list of facilities that are included in this category is maintained by the company and the utility charges are included in the lease amount. Cummins applied the country specific intensity factor for Scope 1 and Scope 2 and multiplied by the area of the leased facility in each country to reach the totals.

**Downstream transportation and distribution resulted in 835,000 Mt CO<sub>2</sub>e.** Most Cummins customers pay for the transportation of products sold to them, either directly or via part of an overall invoice. Since separate data is not available, the assumption was made that downstream transportation and distribution emissions of shipping and distribution of final products to customers are the same as upstream transportation and distribution of parts and input materials.

**Processing of sold products resulted in 3,200 Mt CO<sub>2</sub>e.** Engine weights used in the general categories of mid-range, heavy-duty and high-horsepower engines were derived by updating the 2012 calculation of weighted-average by volume of the various engine families within those three categories. Custodial engine volumes were taken from the Annual Report on Form 10-K and joint venture engine volumes were estimated using JV revenue growth. Assumptions were made on the power of the power tools / hoist used and the time taken to install each unit. Based on engines shipped as detailed in Cummins' Annual Report on Form 10-K and JV volumes were estimated applying revenue growth factors.

**Use of sold products resulted in 751,000,000 Mt CO<sub>2</sub>e.** Cummins' use of sold product emissions were calculated using overall volumes by segment and engine model, which were then multiplied by the attrition rates to determine the volumes in operation each year moving forward. 2020 emissions were calculated by adjusting overall 2020 engine volumes against 2015 volumes. The calculation used the longstanding Cummins New and Recon parts proprietary parts consumption model as well as customer engineering analysis to determine the attrition rate. It then multiplied each of these yearly figures by an age factor (i.e., a 10 year old truck will not operate the same number of hours or miles as a brand new truck) and then converted miles per gallon or gallons per hour to million metrics tons of CO<sub>2</sub>. The CO<sub>2</sub>e conversion factor for diesel was applied based on the EPA's EF Hub and AR 4. The lifetime CO<sub>2</sub> emissions of engines produced by Cummins and its joint ventures in 2020. Overall volume of engines for custodial plants was down in 2020, the associated GHG emissions went down due to product mix.

## ENVIRONMENTAL STANDARDS

305-3

### *Other indirect (Scope 3) GHG emissions: (CONTINUED)*

**End of life treatments of sold products resulted in 48,000 Mt CO<sub>2</sub>e.** Cummins conducted a hot spot analysis to evaluate the impact of the end of life treatment of sold products. The waste related to sold product is primarily iron and steel (more than 90%). The estimates are based on landfilling, processing, and recycling of the generated wastes associated with those products. The assumption is 5% of the products are scrapped – 90% are melted / processed. The emissions were adjusted based on the change in the number of engine units shipped between 2011 and 2020. The emissions reported here are the estimated emissions from the scrap of all products in use in the year 2011. This is different from the forward-looking end of life emissions from all products sold in the year 2020. Off-highway sales decreased \$250 million, primarily due to lower demand in construction markets, especially in China, Asia Pacific and India. Medium-duty truck and bus sales decreased \$148 million, principally due to decreased global bus sales and lower medium-duty truck demand in Brazil, partially offset by increased medium-duty truck sales in North America. Heavy-duty truck engine sales decreased \$97 million, mainly due to lower demand in the North American heavy-duty truck market with decreased shipments of 6%, partially offset by increased sales in China. Light-duty automotive sales decreased \$15 million as lower LCV sales, mainly in China, were mostly offset by higher pick-up truck sales in North America.

**Downstream leased assets resulted in 40,400 Mt CO<sub>2</sub>e.** This represents Cummins' rental generator fleet. Assumptions were made on generator use—as some generators are used as backup power and others operate full time. The total number of rental fleet generators at North American distributor locations were collected for 2012. Total fuel usage was estimated based on the number of generators from each kW category, efficiency and monthly average run time. The emissions were adjusted to the change in power systems business as a proxy for power solutions. This calculation is from 1,340 units rented through Cummins' North American distributors during 2012 and doesn't include similar fleets outside North America. The total emissions were adjusted proportionate to the drop in power solutions business in 2015 compared to 2012. In 2020, similar to prior year, since there was no separate power solutions sales available, the company used the Power Systems business change as proxy. Power Systems segment sales decreased 4%, due to lower demand in all product lines, especially industrial, as demand declined in oil and gas markets in North America and the global mining market.

## **ENVIRONMENTAL STANDARDS**

**305-3**

### ***Other indirect (Scope 3) GHG emissions: (CONTINUED)***

**Scope 3 emissions from franchises were not applicable to Cummins in 2020 since franchises were not part of the company's business model.**

**Investments resulted in 43,400 Mt CO<sub>2</sub>e.** Emissions from 50:50 joint venture investments in China and India are included in Scope 1 and Scope 2 based on operational control scope. The remaining minority and unconsolidated joint venture operations where Cummins does not have operational or administrative control are included in this category. Cummins holds a minority stake (less than 20% and 20-50% equity investee) in several distributor businesses and manufacturing operations. Emissions are calculated using unconsolidated revenue data and proportionate market-based emissions from consolidated and 50:50 joint venture revenues.

# ENVIRONMENTAL STANDARDS

305-4

## GHG emissions intensity:

Please see C6.10 the 2021 CDP Climate Change disclosure. Gross global combined Scope 1 and 2 emissions are tabulated below:

INTENSITY FIGURE	METRIC NUMERATOR (GROSS GLOBAL COMBINED SCOPE 1 + 2 EMISSIONS)	METRIC DENOMINATOR	METRIC DENOMINATOR: UNIT TOTAL	SCOPE 2 FIGURE USED	% CHANGE FROM PREVIOUS YEAR	DIRECTION OF CHANGE
0.000031002	594,529	Unit total revenue	19,176,834,245	Market-based	2.3%	Increased

While Scope 1 and Scope 2 market-based emissions in 2020 decreased by 13.7% compared to the previous year, the proportionally greater reduction of 15.6% in revenue (adjusted for inflation to 2010 dollars) resulted in an increase in emission intensity. The COVID-19 pandemic was a major factor in both the change in revenue and the reduction in emissions. Renewable energy certificates (RECs) totaling approximately 112,725 metric tons of CO<sub>2</sub>e (carbon dioxide equivalent) retained by Cummins for energy produced at the Meadow Lake VI wind farm in northwest Indiana (U.S.) continued to reduce the company's Scope 2 emissions, though the amount of CO<sub>2</sub>e offset by the virtual power purchase agreement (VPPA) in 2020 was less than the 126,744 metric tons in 2019.

Emission factor updates in 2020 also impacted greenhouse gases (GHGs) associated with the grid, leading to a reduction of approximately 43,000 metric tons of CO<sub>2</sub>e. In addition to its VPPA, Cummins continued to invest in facilities to reduce emissions with a focus on test cell energy recovery and investments in on-site renewable projects to offset electricity purchased from the grid. The company has now implemented 45 onsite solar photovoltaic projects in 11 countries, with a peak capacity of 29 megawatts, which are today generating about 5% of the company's global electricity needs.

## **ENVIRONMENTAL STANDARDS**

**305-4**

### ***GHG emissions intensity: (CONTINUED)***

There are 16 Cummins sites in India, alone, with solar installations. In China, the Beijing Foton Cummins Engine Company in 2019 expanded the largest solar array in the company, adding panels to a second building, that, thanks to technology advances, can produce nearly as much power as the original 650,000 square foot array built in 2016. Over the past five years, Cummins has invested \$65 million in energy reduction projects, saving \$19 million each year, with an average return on investment of 3.4 years.

About 85% of the company's light fixtures are now LED, the result of a global campaign. In 2016, the company pledged to have 90% of its facility GHG footprint, or 40 sites, certified to the ISO energy management standard of 50001. By the end of 2020, Cummins had surpassed that goal, reaching 45 sites. Between 2010 and 2020, the company's energy efficiency and renewable energy efforts reduced Cummins' GHG intensity by 41%.

# ENVIRONMENTAL STANDARDS

305-5

## Reduction of GHG emissions:

The change in emissions (metric tons CO<sub>2</sub>e), emission value (percentage), direction of change, and reasons for change compared to the prior year are reported in C7.9a of Cummins' 2021 CDP Climate Report and summarized below.

	CHANGE IN EMISSIONS (METRIC TONS OF CO <sub>2</sub> E)	DIRECTION OF CHANGE	EMISSIONS VALUE (PERCENTAGE)	EXPLANATION
<b>Change in renewable energy consumption</b>	-9,199	Decreased	1.14%	On-site electricity generation from renewable sources (e.g. on-site solar panels) where Cummins retained the energy's renewable attributes increased from approximately 2,126 MWh in 2019 to 15,970 MWh in 2020. The difference between these values was the amount by which energy generation within this category increased (13,844 MWh). The metric tons of CO <sub>2</sub> e represented by this change was determined by multiplying the electricity produced at each site in 2019 and 2020 by the applicable regional emission factors and then subtracting the resulting totals for 2020 by those for 2019 to determine the difference. The percent change in emissions attributed to renewable energy consumption was calculated by dividing -9,199 MT CO <sub>2</sub> e by the combined Scope 1 and Scope 2 location-based emissions in the prior year (807,258 MT CO <sub>2</sub> e) and multiplying by 100. The percent reduction in CO <sub>2</sub> e due to increased on-site electricity generation from renewable sources for which Cummins retained credits was calculated to be 1.14%. Approximately half of the change in emissions from renewable energy generation in 2020 was attributable to the retention of RECs for energy produced at a large solar array at one of Cummins manufacturing facilities.
<b>Other emissions reduction activities</b>	-18,054	Decreased	2.24%	Cummins implemented 153 emission reduction initiatives in 2020, resulting in an estimated CO <sub>2</sub> e savings of 18,054 metric tons. This was a reduction of 2.2% as compared to the total Scope 1 and Scope 2 location-based emissions in 2019 (802,258 MT CO <sub>2</sub> e). The change in emissions attributed to these activities was calculated by dividing the sum of the emission reductions achieved through the projects implemented in 2020 by the total Scope 1 and Scope 2 location-based emissions in 2019. This value was then multiplied by 100 to yield the percent by which initiatives in 2020 reduced CO <sub>2</sub> e. The projects included solar panel installations, equipment replacement, improvements to building controls, energy efficient lighting and energy recovery from engine test cells.
<b>Divestment</b>	Not applicable	Not applicable	Not applicable	Not applicable
<b>Acquisitions</b>	Not applicable	Not applicable	Not applicable	Not applicable
<b>Mergers</b>	Not applicable	Not applicable	Not applicable	Not applicable

# ENVIRONMENTAL STANDARDS

## 305-5 Reduction of GHG emissions: (CONTINUED)

	CHANGE IN EMISSIONS (METRIC TONS OF CO <sub>2</sub> E)	DIRECTION OF CHANGE	EMISSIONS VALUE (PERCENTAGE)	EXPLANATION
<b>Change in output</b>	-37,773	Decreased	4.68%	Changes in production and business activities in 2020 resulted in a reduction in CO <sub>2</sub> e output of approximately 37,773 metric tons, the majority of which can be attributed to disruption caused by COVID-19. This value was calculated by subtracting the difference between combined Scope 1 and Scope 2 location-based emissions in 2019 and 2020 (-108,205 MT CO <sub>2</sub> e) by the sum of the changes in emissions in 2020 (-70,432 MT CO <sub>2</sub> e). In other words, output was determined to have decreased in 2020 since the reduction attributable to emission minimization activities did not fully account for the decrease in combined Scope 1 and Scope 2 location-based emissions. This was a decrease of 4.68% as compared to the total Scope 1 and Scope 2 location-based emissions in 2019 (807,258 MT CO <sub>2</sub> e). The percentage was calculated by dividing the change in CO <sub>2</sub> e output in 2020 (-37,773 MT) by the total Scope 1 and Scope 2 location-based emissions in 2019. This value was then multiplied by 100 to yield the percent by which CO <sub>2</sub> e output would have changed without emission reduction measures. The emission reduction attributable to the virtual power purchase agreement (VPPA) with the Meadow Lake VI wind farm in 2020 (112,725 MT CO <sub>2</sub> e) was not part of the change in output calculation since it was not applied to Cummins' Scope 2 location-based emissions, only market-based. If the VPPA emission savings were incorporated, the difference between Scope 1 and Scope 2 emissions in 2019 and 2020 would have to be recalculated using market-based emissions in order to yield an accurate change in output value.
<b>Change in methodology</b>	-43,179	Decreased	5.35%	Approximately 43,000 metric tons of Cummins' overall GHG reduction in 2020 can be attributed to the use of updated emission factors from the U.S. Environmental Protection Agency, the International Energy Agency and other country-specific sources. This was 5.35% of the total Scope 1 and Scope 2 location-based emissions in 2020 (43,179 MT CO <sub>2</sub> e / 807,258 MT CO <sub>2</sub> e x 100 = 5.35%). While Scope 2 location-based emissions are the basis for these performance calculations, an additional methodological change could be attributed to Cummins' 15-year virtual power purchase agreement (VPPA) with the Meadow Lake VI wind farm if Scope 2 market-based emissions were considered here instead. The same could also be said of the figures reported to CDP for 2019, the first full year of power generation from the VPPA. Renewable energy credits (RECs) from the VPPA totaled 112,725 metric tons of CO <sub>2</sub> e in 2020. These RECs were accounted for at a zero-emission factor in Cummins' 2020 Scope 2 market-based emissions. Taken together, the VPPA and change in emission factors would have resulted in a decrease of 155,904 metric tons of CO <sub>2</sub> e in 2020, equivalent to 19.3% of Cummins Scope 1 and Scope 2 location-based emissions in 2019 (807,258 MT CO <sub>2</sub> e).
<b>Change in boundary</b>	Not applicable	Not applicable		Not applicable
<b>Change in physical operating conditions</b>	Not applicable	Not applicable		Not applicable
<b>Unidentified</b>	Not applicable	Not applicable		Not applicable
<b>Other</b>	Not applicable	Not applicable		Not applicable

## ENVIRONMENTAL STANDARDS

305-6

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

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

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

305-7

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

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

## ENERGY USE AND ASSOCIATED AIR EMISSIONS

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

Direct Air Emissions	2016	2017	2018	2019	2020
<b>NO<sub>x</sub></b> (metric tons)	3,674	3,767	3,831	3,684	3,204
<b>CO</b> (metric tons)	811	828	844	813	707
<b>PM 10</b> (metric tons)	251	253	259	249	216
<b>VOC</b> (metric tons)	716	813	810	684	362
<b>Direct (gigajoules)</b>					
<b>Diesel</b>	1,841,359	1,878,855	1,899,174	1,816,062	1,580,276
<b>Natural gas</b>	1,656,871	1,715,309	1,931,534	2,018,700	1,736,836
<b>Propane</b>	35,270	41,995	48,365	50,647	43,852
<b>Indirect</b>					
<b>Electricity</b> (gigajoules)	3,352,716	3,583,501	3,761,878	3,625,988	3,350,933
<b>Electricity</b> (Kwh)	931,310,077	995,416,963	1,044,966,229	1,007,218,942	930,814,694

## **ENVIRONMENTAL STANDARDS**

---

### **307 – ENVIRONMENTAL COMPLIANCE 2016**

---

#### **Management approach:**

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

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

---

## **ENVIRONMENTAL STANDARDS**

**307-1**

### ***Non-compliance with environmental laws and regulations:***

In 2019, Cummins created a Product Compliance and Regulatory Affairs (PCRA) function to strengthen its collaboration with agencies setting emissions regulations and certification processes. The group functions independently from, and provides oversight to, product development teams and business segments at Cummins, reporting directly to the CEO. Since its formation, PCRA has focused on developing capable people, processes, and tools through training development, process improvement, and operations excellence in regulatory affairs and technical certification and compliance activities.

For further information, see pages 12-13 of Cummins [\*\*\*2020 Annual Report on Form 10-K\*\*\*](#).

#### **Facility compliance**

Complying with environmental regulations helps to minimize and control the impacts of Cummins activities on the environment and the communities where the company is located. It also aligns with Cummins' first ethical principle "We will follow the law – everywhere."

To ensure that the company's facilities comply with environmental regulations, Cummins leverages its mature Environmental Management System and has developed compliance specific procedures, tools and training modules that apply to the company's sites globally. Cummins also runs proactive global programs like its Environmental Compliance Assistance Program (ECAP) from the corporate level, which are then rolled-out to the site level by Cummins' local teams. The company conducts legal compliance audits at Cummins sites and have performance reviews with leadership and regional teams to assess opportunities for improvement, detect any deviation and take preventive and corrective actions as necessary.

By doing all of this, the company makes sure its environmental compliance management is effective, transparent and consistent across the regions where Cummins operates.

For further information, see pages 13 of the Cummins [\*\*\*2020 Annual Report on Form 10-K\*\*\*](#).

# ENVIRONMENTAL STANDARDS

307-1

## Non-compliance with environmental laws and regulations: (CONTINUED)

Key compliance issues in the past five years:

### **CUMMINS GENERATOR TECHNOLOGIES – ROMANIA**

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

### **CUMMINS GENERATOR TECHNOLOGIES – WUXI, CHINA**

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

### **CUMMINS POWER SYSTEMS – FRIDLEY, MINNESOTA (U.S.)**

Cummins Power Systems in Fridley received a \$10,278 fine in 2020 related to some air emission key performance indicators that were improperly reported in the semi-annual compliance certification report for 2018 and 2019. The site is implementing corrective actions to ensure proper reporting in the future.

<b>NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Number of violations of legal obligations/regulations	1	1	0	1
Amount of fines/penalties related to above	\$62,550	\$52,550	0	\$10,278
Environmental liability accrued at year end	\$62,550	\$52,550	0	\$10,278

<b>RETURN ON ENVIRONMENTAL INVESTMENT (CURRENCY U.S. DOLLAR)</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY2020</b>
Capital investments	\$12,055,000	\$14,096,000	\$33,648,000	\$5,000,000
Operating expenses	\$180,825	\$211,400	\$504,720	\$201,643
Total expenses (capital investment + operating expenses)	\$12,235,825	\$14,307,400	\$34,152,720	\$5,201,643
Savings, cost avoidance, income, tax incentives etc.	\$3,469,000	\$5,165,000	\$7,752,000	\$2,537,000
% of operations covered (basis for coverage is revenue)	100%	100%	100%	100%

## **ENVIRONMENTAL STANDARDS**

**308-1**

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

Cummins' supply chain strategy includes several elements designed to ensure outstanding performance, including:

- » Proactive and reactive methodologies to understand the company's supply base, evaluate related risks and implement effective monitoring.
- » A robust sourcing strategy process, based on optimizing total value with appropriate levels of leadership review, and alignment with business and functional strategies, including proactive review of insource and outsource strategy.
- » Identification of strategic suppliers and targeted supplier relationship management to ensure lowest total cost and highest performance through long-term supply and cost-sharing agreements.
- » Mentoring, measuring and encouraging Cummins' suppliers to improve their environmental performance, meet Cummins' Supplier Code of Conduct requirements, support diversity, equity and inclusion and comply with the company's prohibited and restricted materials policy.

Additionally, in 2019, Cummins global Purchasing function began a two-year transformation process focused on value capture, capability building and structural improvement to establish Cummins as the leading industrial company in purchasing excellence across the board in the eyes of the company's stakeholders, including customers and employees.

By building a new set of purchasing capabilities within the team and investing in individual team members, Cummins drives significant shareholder value for the organization and improves product quality in the eyes of customers.

Cummins requires all suppliers to follow the environmental, social and governance guidelines in the Cummins Supplier Code of Conduct, and audits the top 80% of suppliers to ensure a company officer has signed the Code of Conduct, which covers ethical behavior; fair, safe and legal working conditions; diversity, equity and inclusion; following the law everywhere; protecting the environment and conserving natural resources. This requirement is referenced in all direct and indirect supply agreements.

## **ENVIRONMENTAL STANDARDS**

---

### ***SUPPLIER ASSESSMENT***

---

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

---

All new and existing suppliers must sign Cummins Supplier Code of Conduct and follow environment, social and governance requirements in the Supplier Handbook. Suppliers must follow regional diversity, equity and inclusion requirements.

---

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

---

No actions to report.

---

# SOCIAL STANDARDS

---

## LABOR PRACTICES

---

### **403-1** *Workers representation in formal joint management-worker health and safety committees:*

---

Cummins employees are encouraged to play an active role in health and safety as part of the company's efforts to make safety personal to its employees. Cummins believes establishing a culture of interdependency, where everyone looks out for one another, is key to a safe work environment. For more on the company's safety performance, see the Health and Safety section on page 37 of the [2020 Sustainability Progress Report](#).

### **403-2** *Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities:*

---

A complete reporting of the company's health and safety metrics can be found on page 37 of the [2020 Sustainability Progress Report](#). Cummins had its lowest Incidence Rate in company history and recorded a number of impressive marks such as an 18.5% improvement in the Major Injuries Rate. The Occupational Illness Frequency Rate improved to 0.013 in 2020 and the Lost Time Injury Frequency Rate for employees (per 1 million hours worked) improved to 1.045.

### **403-4** *Workers with high incidence or high risk of diseases related to their occupation:*

---

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

---

---

## **TRAINING AND EDUCATION**

---

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

This varies widely by job and the nature of the training, making it difficult to come up with a single meaningful number for all of Cummins. For example, office and professional employees have easy access to the company's vast array of online training opportunities. The Cummins Learning Center offers online training in areas such as engineering, finance, information technology and more. The center also has mandatory trainings in ethics and compliance on topics such as conflicts of interest, import/export laws, the company's Business Code of Conduct and the Supplier Code of Conduct. Professional employees can also get in-person training in Six Sigma, the business problem solving tool used extensively at Cummins. There are also training opportunities for people interested in leadership positions at Cummins. While production employees don't have the same, easy access to online training, they get many hours of training on their job as well as safety training. Despite the pandemic, employees engaged in more than 550,000 hours of mandatory and non-mandatory training in 2020 through the Cummins Learning Center, achieving more than 1 million course completions. Employees can also receive training from their business segment, function and location, although data is not available on that training. To learn more, see page 44 of the [2020 Sustainability Progress Report](#).

---

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

See answer to 404-1.

---

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

All office and professional employees (100%) get regular performance reviews regardless of location or any demographic trait. Employees receive training during onboarding on the company's Talent Management System. The web-based system is designed to ensure employees know what is expected of them. The system also guides the most important work conversation of all—the conversation between a manager and his or her employee.

---



## SOCIAL STANDARDS

---

### **TRAINING AND EDUCATION**

---

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

---

In 2021, the board expanded to 13 members, including five of diverse backgrounds and five women. Board members have a variety of backgrounds from a rocket scientist and former astronaut, to a former U.S. Secretary of Labor, to the president of a not-for-profit involved in extending the arts to disadvantaged children. For more on board members' backgrounds, please see page 17-24 of the [2021 Annual Proxy Statement](#). Cummins believes strongly in having a workforce that reflects the communities where it does business. See pages 40-42 of the [2020 Sustainability Progress Report](#).

---

### **NON-DISCRIMINATION**

---

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

---

Cummins does not disclose a specific breakdown of its Code of Conduct violations but does report overall numbers. See [Disclosure 205-3](#).

---

---

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

---

**407-1** ***Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk:***

---

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

---

## ***CHILD LABOR***

---

**408-1** ***Operations and suppliers at significant risk for incidents of child labor:***

---

Cummins' Human Rights Policy strictly prohibits the use of child labor in any form, stating: "Cummins prohibits the use of all forms of child labor and forced labor, including threat of force or penalty, prison labor, indentured labor, bonded labor, military labor, slave labor and any form of human trafficking." It goes on to state that "Cummins will also take appropriate steps to ensure our suppliers and partners that are located in high-risk locations and/or that may be more exposed to human trafficking risk due to the nature of the industry in which they operate adopt relevant measures to mitigate such risk." The company also states in the Supplier Code of Conduct that "Suppliers must comply with all applicable child labor laws, including those related to hiring, wages, hours worked, overtime and working conditions. Vocational or developmental programs for young people may require an exception to the age requirements." To see more, go to page 52 of the ***2020 Sustainability Progress Report***.

---

## SOCIAL STANDARDS

---

### **FORCED LABOR**

---

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

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

---

### **SECURITY PRACTICES**

---

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

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

---

### **INDIGENOUS PEOPLE**

---

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

Cummins knows of no such incidents.

---

### **HUMAN RIGHTS**

---

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

Cummins in December 2017 adopted its first Human Rights Policy. The company's Code of Business Conduct also includes many elements of the policy. Find information on the Human Rights Policy on page 52 and enforcement of the Code of Business Conduct on page 51 of the [2020 Sustainability Progress Report](#).

---

---

## **COMMUNITY ENGAGEMENT**

---

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

---

A complete review of the company's community engagement efforts in 2020 can be found starting on page 32 of the [\*2020 Sustainability Progress Report\*](#).

---

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

---

Cummins believes its sites are important sources of economic growth for the communities where they are located. The company is working diligently to reduce the environmental impact of its facilities (see the environment section of this report starting on [\*page 31\*](#)) to improve environmental conditions. Cummins also believes its community engagement initiatives help build stronger communities by using employee skills to help address community challenges (see pages 32-36 of the [\*2020 Sustainability Progress Report\*](#)). And in some areas these efforts overlap such as the company's goal to develop 15 water neutral sites in water challenged areas (see page 27 of the 2020 Sustainability Progress Report).

---

## SOCIAL STANDARDS

---

### **SUPPLIER ASSESSMENT**

---

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

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

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

Cummins' supply chain is working to reduce the company's carbon footprint. Principles and expectations are laid out in the company's Supplier Portal as are prohibited substances and a materials disclosure guide. An update on the company's supply chain and its environmental efforts can be found on page 63 of the **2020 Sustainability Progress Report**.

---

### **PUBLIC POLICY**

---

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

A complete description of Cummins' policy on political contributions is available starting on page 56 of the **2020 Sustainability Progress Report**.

---

---

## ***CUSTOMER HEALTH & SAFETY***

---

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

---

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

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

In compliance with the company's Product Safety Policy in 2020, Cummins voluntarily initiated two product safety campaigns, impacting approximately 53,000 Cummins engines and components.

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

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

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

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

---

---

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

---

See [Disclosure 416-1](#).

---

## **MARKETING COMMUNICATIONS**

---

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

---

Cummins knows of no such incidents.

---

## **DATA PRIVACY**

---

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

---

Cummins knows of no such incidents. To learn more about Cummins' cybersecurity efforts, please see page 53 of the [2020 Sustainability Progress Report](#).

---

## **SOCIOECONOMIC COMPLIANCE**

---

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

---

Cummins knows of no such incidents.

---

# ASSURANCE

## APEX GHG STATEMENT



### VERIFICATION OPINION DECLARATION GREENHOUSE GAS EMISSIONS

To: The Stakeholders of Cummins, Inc.

Apex Companies, LLC (Apex) was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by Cummins, Inc. (Cummins) for the calendar year 2020. This verification opinion declaration applies to the related information included within the scope of work described below.

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

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

- Operational Control
- Worldwide
- Exclusions: None

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

#### GHG Emissions Statement:

- Scope 1:** 258,437 metric tons of CO<sub>2</sub> equivalent
- Scope 2 (Location-Based):** 440,616 metric tons of CO<sub>2</sub> equivalent
- Scope 2 (Market-Based):** 336,092 metric tons of CO<sub>2</sub> equivalent
- Scope 3:**
  - Purchased Goods & Services: 3,826,000 metric tons of CO<sub>2</sub> equivalent
  - Capital Goods: 458,000 metric tons of CO<sub>2</sub> equivalent
  - Fuel- and Energy-Related Activities: 150,000 metric tons of CO<sub>2</sub> equivalent
  - Upstream Transportation and Distribution: 835,000 metric tons of CO<sub>2</sub> equivalent
  - Waste Generated in Operations: 3,300 metric tons of CO<sub>2</sub> equivalent
  - Business Travel (air travel and rental cars): 23,900 metric tons of CO<sub>2</sub> equivalent
  - Employee Commuting: 68,000 metric tons of CO<sub>2</sub> equivalent
  - Upstream Leased Assets: 19,000 metric tons of CO<sub>2</sub> equivalent
  - Downstream Transportation and Distribution: 835,000 metric tons of CO<sub>2</sub> equivalent
  - Processing of Sold Products: 3,200 metric tons of CO<sub>2</sub> equivalent
  - Use of Sold Products: 751,000,000 metric tons of CO<sub>2</sub> equivalent
  - End-of-Life Treatment of Sold Products: 48,000 metric tons of CO<sub>2</sub> equivalent
  - Downstream Leased Assets: 40,400 metric tons of CO<sub>2</sub> equivalent



Investments: 43,400 metric tons of CO<sub>2</sub> equivalent

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

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

#### Period covered by GHG emissions verification:

- January 1, 2020 to December 31, 2020

#### Criteria against which verification was conducted:

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

#### Reference Standard:

- ISO 14064-3 Second Edition 2019-04: Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statements

#### Level of Assurance and Qualifications:

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

#### GHG Verification Methodology:

Evidence gathering procedures included but were not limited to:

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

#### Verification Opinion:

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

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



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

#### Statement of independence, impartiality and competence

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

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

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

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

#### Attestation:

Mary E. Armstrong-Friberg, Lead Verifier  
Principal Consultant  
Apex Companies, LLC.  
Akron, Ohio

David Reilly, Technical Reviewer  
Principal Consultant  
Apex Companies, LLC.  
Santa Ana, California

July 22, 2021

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

# APEX WASTE STATEMENT



## VERIFICATION OPINION DECLARATION WASTE DATA

To: The Stakeholders of Cummins, Inc.

Apex Companies, LLC (Apex) was engaged to conduct an independent verification of the waste data reported by Cummins, Inc. (Cummins) for the calendar year 2020. This verification opinion declaration applies to the related information included within the scope of work described below.

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

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

- Operational Control
- Worldwide

### Waste Data Reported

2020 Reported Waste Data	Metric Tons
Total Waste Generated	188,865
Total Waste Disposed - includes total landfilled waste and incinerated waste without energy recovery	12,707
Total Waste Recycled	176,160
US Process Hazardous Waste (included in above totals)	481
Non-US Process Hazardous Waste (included in above totals)	5,314
<b>Recycled Waste Categories</b>	
Aluminum	823
Cardboard	16,889
Composted Waste	2,036
Copper & Brass	358
E Waste	122
Batteries	1,150
Garbage, Process Derived & Hazardous Waste (Burned for Energy Recovery)	13,761
Hazardous Waste (Recycled)	2,407
Iron & Steel	84,088



Recycled Waste Categories (continued)	Metric Tons
Liquid Waste (Used Oils, Paints, Solvents etc.)	18,030
Other Process Derived Waste (Recycled)	3,396
Paper	1,722
Plastic	2,434
Wood	26,944

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

### Period covered by Waste verification:

- January 1, 2020 to December 31, 2020

### Reporting Criteria

Internal Cummins reporting methodology.

### Reference Standard:

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

### Level of Assurance and Qualifications

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

### Verification Methodology:

Evidence gathering procedures included but were not limited to:

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

### Verification Opinion:

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

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

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



### Statement of independence, impartiality and competence

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

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

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

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

### Attestation:

Mary E. Armstrong-Friberg, Lead Verifier  
Principal Consultant  
Apex Companies, LLC.  
Akron, Ohio

David Reilly, Technical Reviewer  
Principal Consultant  
Apex Companies, LLC.  
Santa Ana, California

July 22, 2021

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

# APEX WATER STATEMENT



## VERIFICATION OPINION DECLARATION WATER WITHDRAWAL

To: The Stakeholders of Cummins, Inc.

Apex Companies, LLC (Apex) was engaged to conduct an independent verification of the water withdrawal data reported by Cummins, Inc. (Cummins) for the calendar year 2020. This verification opinion declaration applies to the related information included within the scope of work described below.

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

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

- Operational Control
- Worldwide

### Water Withdrawal Data Reported:

2020 Reported Water Withdrawal	Gallons	Megaliters
Groundwater	43,674,092	165
Rainwater	402,956	2
Municipal Water	728,180,635	2,756
<b>Total Water Withdrawal</b>	<b>772,257,683</b>	<b>2,923</b>

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

### Period covered by Water Withdrawal verification:

- January 1, 2020 to December 31, 2020

### Criteria against which the verification was conducted:

- CDP Water Disclosure Reporting Guidelines

### Reference Standard:

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

### Level of Assurance

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



### Verification Methodology:

Evidence gathering procedures included but were not limited to:

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

### Verification Opinion:

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

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

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

### Statement of independence, impartiality and competence

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

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

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

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

### Attestation:

Mary E. Armstrong-Friberg, Lead Verifier  
Principal Consultant  
Apex Companies, LLC.  
Akron, Ohio

David Reilly, Technical Reviewer  
Principal Consultant  
Apex Companies, LLC.  
Santa Ana, California

July 22, 2021

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

# APEX SOCIAL STATEMENT



## INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of Cummins, Inc.

### Objectives and responsibilities

Apex Companies, LLC (Apex) was engaged by Cummins, Inc. (Cummins) to conduct an independent assurance of select 2020 social data metrics to be published in Cummins' Sustainability Report (Report) and/or included in the Dow Jones Sustainability Index (DJSI) assessment. This assurance statement applies to the related information included within the scope of work described below. The overall aim of this process is to provide assurance to Cummins' stakeholders on the accuracy, reliability and objectivity of the information included in the Report and the DJSI assessment as described in the scope of work. The assurance process also evaluated Cummins' management of sustainability in accordance with the principles of inclusivity, materiality, responsiveness, and impact.

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

### Scope of work

Cummins requested Apex to include in its independent assurance of the following select social data metrics for calendar year 2020:

- Corporate Responsibility Metrics
  - "Every Employee Every Community" participation rate
  - Number of jobs secured through the company's education and equality of opportunity outreach efforts
  - Number of people served by community engagement efforts
  - Estimated kiloliters of water conserved through community projects (reviewed methodology for tracking and data collection only)
  - Community grants
  - Community grant areas of giving
  - Number of people served by community engagement efforts
  - Cummins powers women spend commitment
  - Number of people impacted by Cummins powers women
  - Covid-19 community grants
  - TEC Graduates – 2020 graduates
  - TEC Graduates – from inception of program
- Talent Attraction & Retention Metrics
  - Percent employee coverage of individual performance appraisals
  - Voluntary Attrition – Inside and Outside the United States
- Diversity Metrics (percent)
  - Assignment Countries
  - Country of birth for workforce
  - Men and Women in the workforce
  - Men and Women leaders in the workforce
  - Age of workforce
- Health and Safety Metrics
  - Severity Case Rate
  - Recordable Incidence Case Rate
  - Major Injury Case Rate

WATER RESOURCES • ENVIRONMENTAL SERVICES • HEALTH & SAFETY • SUSTAINABILITY

Apex Companies, LLC • (800) 733-2739 • www.apexco.com



Cummins  
August 24, 2021

Page 2

- Severity Lost Workday Rate
- Ergonomics Incidence Rate
- Occupational Illness Frequency Rate
- Lost Time Injury Frequency Rate
- Business Ethics & Compliance Training Metrics
  - Number of employees completing training courses

Apex reviewed the appropriateness and robustness of underlying reporting systems and processes, used to collect, analyze, and review the data subject to the assurance process.

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

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

### Reporting criteria

Performed an evaluation of the select metrics (as shown above) in accordance with the Assurance Standard AA1000AS v3 (2018)<sup>1</sup>. Type 2 engagement, to a moderate assurance level.

### Methodology

Apex undertook the following activities:

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

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

### Our findings

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

- Nothing has come to our attention to indicate that the reviewed information within the scope of our assurance is not materially correct.
- Nothing has come to our attention to indicate that the reviewed information is not a fair representation of the corporate responsibility, human resources, diversity, health and safety, and business ethics and compliance training activities for calendar year 2020.
- It is our opinion that Cummins has established appropriate systems for the collection, aggregation, and analysis of quantitative data, including corporate responsibility data, human resources and diversity data, health and safety data, and ethics and compliance training data.

A summary of reported data within the scope of assurance for 2020 is attached.

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



Cummins  
August 24, 2021

Page 3

### Adherence to the AA1000 Accountability Principles

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

### Inclusivity

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

### Materiality

In 2018, Cummins compiled the results of stakeholder assessments conducted by various functions within Cummins to determine the most relevant topics to the company's stakeholders in the economic, social, and environmental realms. From this assessment, Cummins developed a "Materiality Matrix" of issues of concern to both internal and external stakeholders. In 2020, the company updated the materiality/stakeholder assessment and the "Materiality Matrix" used in the Report to reflect new emerging issues of concern to stakeholders such as Covid-19 and racial equity. The importance of these 2020 emerging issues is seen with occupational health and safety, diversity, inclusion, and equity being among the issues of greatest concern to both the public and Cummins.

### Responsiveness

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

### Impact

Cummins operates under appropriate processes to understand, measure, evaluate and manage the organizations impacts related to material topics. Cummins measures impact through reporting the metrics assured under this assignment, particularly the Corporate Responsibility Metrics, as well as other social and economic metrics. The company also considers their environmental impacts by measuring and reporting greenhouse gas emissions, water consumption and waste and recycling, and the trends in these metrics overtime.



Cummins  
August 24, 2021

Page 4

### Statement of independence, integrity, and competence

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

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

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

### Attestation:

David Reilly, Lead Verifier  
Principal Consultant  
Apex Companies, LLC

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

Apex Companies, LLC  
Santa Ana, California  
August 24, 2021



AA1000  
Licensed Report  
000-54/V3-GKI01

# APEX 2020 DATA SHEET

Summary of Assured Information  
Reporting Year 2020  
Cummins, Inc.



Talent Attraction & Retention	Metric	RY-2020
Individual performance appraisals	percent	nearly 100%
Voluntary Attrition - Inside United States	percent	6.0%
Voluntary Attrition - Outside United States	percent	6.5%

Diversity (%)	Men - RY-2020	Women - RY-2020
<b>All Employees</b>	72.6%	27.4%
Hourly Employees	73.7%	26.3%
Exempt Employees	71.0%	29.0%
<b>Leadership</b>	75.0%	25.0%
Directors and Executive Directors	75.2%	24.8%
Vice Presidents and above	61.5%	38.5%

Health and Safety	Unit of Measure	RY-2020
Severity Case Rate*	Lost work day cases per 100 employees	0.209
Recordable Incidence Case Rate*	Recordable incidents per 100 employees	0.482
Major Injury Case Rate**	Major injuries per 100 employees	0.04
Severity Lost Workday Rate*	Lost work days per 100 employees	7.818
Ergonomics Incidence Rate*	Ergonomic incidents per 100 employees	0.119
Occupational Illness Frequency Rate**	Occupational illness frequency rate per 1,000,000 hours worked	0.013
Lost Time Injury Frequency Rate**	Lost time injury frequency rate per 1,000,000 hours worked	1.045

\*Rate per 100 employees = (number reported/200,000)/(hours worked) for 2020  
\*\* Rate = (number of illnesses or lost time injuries\*1,000,000)/(hours worked) for 2020

Breakdown of Cummins Employees by Assignment Countries (%)	RY-2020
Australia	2.9%
Brazil	2.5%
China	8.8%
India	14.9%
Mexico	10.2%
Rest of World	12.4%
United Kingdom	7.0%
United States	41.3%

Country of Birth for Workforce (%)	RY-2020
Inside United States	33.7%
Outside United States	66.3%

Country of Birth for Workforce (%)	RY-2020
Australia	2.2%
Brazil	2.7%
China	9.6%
India	18.8%
Mexico	11.1%
Rest of World	15.3%
United Kingdom	6.6%
United States	33.7%

Age of Workforce (% in age range)	RY-2020
60 plus	5.9%
50 - 59	16.2%
40 - 49	23.4%
30 - 39	33.6%
20 - 29	20.5%
below 20	0.4%

Summary of Assured Information  
Reporting Year 2020  
Cummins, Inc.



Business Ethics & Compliance Training	Number of employees that have completed training as of Year End 2020*
Course Title	
Anti-bribery	1,338
Anti-Trust and Fair Competition	217
Careful Communications at Work	1,914
Code of Business Conduct	25,423
Conflicts of Interest	3,345
Data Privacy	1,418
Doing Business Ethically	1,264
Export Compliance	155
Preventing Money Laundering	605
Protecting Human Rights in The Supply Chain	187
Treatment of Each Other at Work	24,845

\*Apex examined the process for calculating ethics and compliance training courses completed by office and exempt employees and found no reason to believe that the reported training course completions are not correct.

Summary of Assured Information  
Reporting Year 2020  
Cummins, Inc.



Corporate Responsibility	Metric	RY-2020
Every Employee Every Community participation rate	Percent	35%
Number of jobs secured through the company's education and equality of opportunity outreach efforts	Number of jobs secured	3,270
Number of people served by community engagement efforts	Number of people served	1.4 million
Estimated kiloliters of water conserved by Cummins employees engaged in community projects	Water conserved (kiloliters)*	7.1 million
Community Grants	USD	\$22 million
Community Grant areas of giving	percent	14% Education; 10% Environment; 64% Equality of Opportunity; 12% Other
Cummins Powers Women	Total program commitment (USD) since program launch in 2018	\$20 million
COVID-19 Emergency Grants	USD**	\$2.7 million
TEC graduates - Year 2020	Number of people	367
TEC graduates from inception of program	Number of people	1,700
# of people impacted by Cummins Powers Women	number of people impacted since program launch in 2018	17 million

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

\*\* Covid-19 Emergency grants are a subset of \$22 million USD Community Grants

# ***APPENDIX***

# CUMMINS COBALT POLICY

## CUMMINS COBALT POLICY

### 1.0 Purpose:

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

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

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

### 2.0 Scope

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

### 3.0 References

[Cummins Core Values](#)

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

[Responsible Minerals Initiative Guidelines](#)

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

Cummins Cobalt Communication Plan

### 4.0 Policy

Following are the primary tenets of our policy:

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

## COBALT POLICY FAQs

### Summary:

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

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

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

### Responsible Sourcing of Cobalt FAQs

#### What are conflict minerals?

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

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

#### Is cobalt a conflict mineral?

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

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

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

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

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

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

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

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

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

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

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

#### Where is cobalt mined?

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

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

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

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

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

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

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

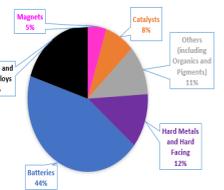
- a) know and to require that each Cummins supplier disclose to Cummins, the sources of cobalt used in its products; and
- b) to eliminate procurement, as soon as commercially practical, of products containing cobalt obtained from sources that fund or support inhumane treatment from Conflict Affected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

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

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

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

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



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

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

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

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

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

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

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

## CONFLICT MINERALS POLICY

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

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

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

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

## A STATEMENT ON COBALT

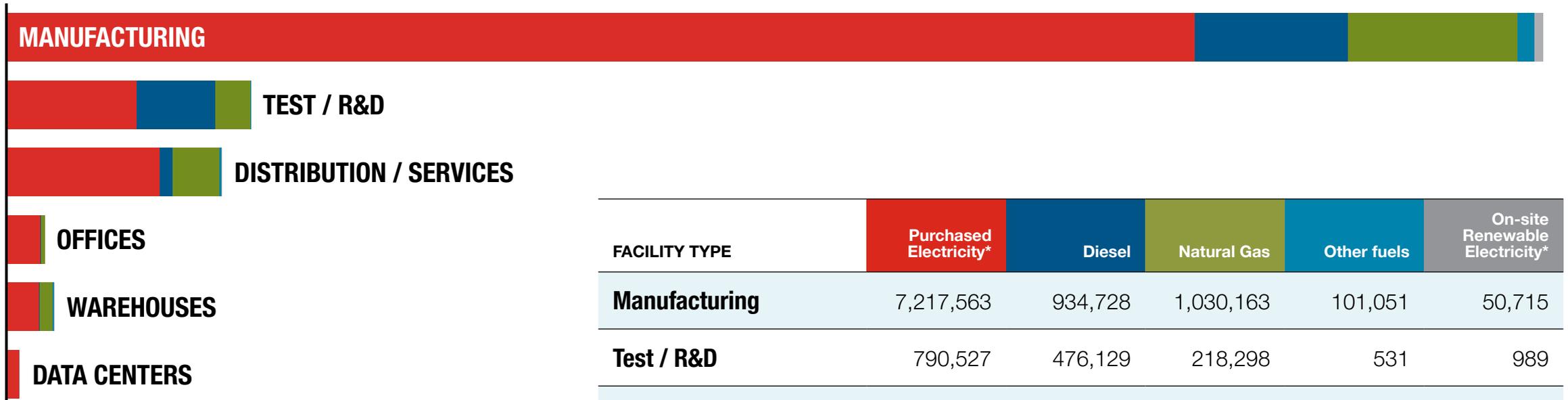
***Cobalt is used in products such as lithium-ion batteries. With the increase in demand for electric powertrains, Cummins anticipates an increasing need for batteries containing cobalt in its global supply chain.***

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

## 2020 ENERGY USE BY FACILITY TYPE



in millions of British Thermal Units



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

## 2020 ENERGY USE BY FUEL TYPE

*in millions of British Thermal Units*

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

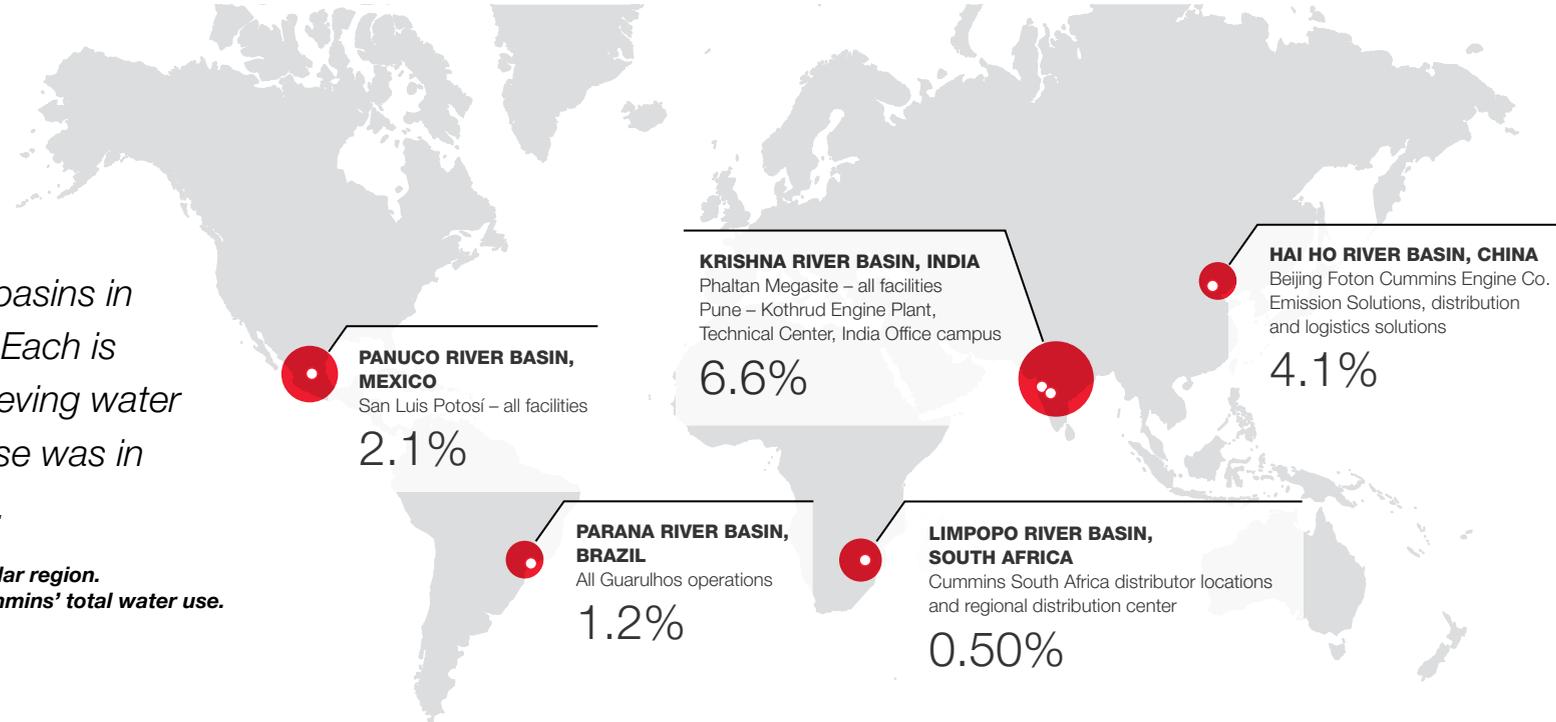
UNITED STATES	2015*	2016*	2017*	2018*	2019*	2020
<b>Diesel</b>	1,002,861	1,038,832	1,023,244	998,245	881,651	683,469
<b>Natural gas</b>	1,137,624	1,133,717	1,160,199	1,290,392	1,401,038	1,113,813
<b>Other fuels</b>	36,980	20,599	21,289	26,169	30,832	26,922
<b>Purchased electricity*</b>	5,354,055	5,320,361	5,509,620	5,787,632	5,410,499	4,822,006
<b>On-site renewable electricity*</b>	4,759	7,497	7,125	6,726	6,369	7,165
<b>U.S. total energy</b>	<b>7,536,279</b>	<b>7,521,006</b>	<b>7,721,477</b>	<b>8,109,164</b>	<b>7,730,389</b>	<b>6,653,375</b>
Non-U.S.						
<b>Diesel</b>	812,268	697,841	748,794	792,956	831,163	806,965
<b>Natural gas</b>	448,916	432,198	460,947	535,207	506,843	527,677
<b>Other fuels</b>	47,494	62,282	67,968	84,510	96,467	95,445
<b>Purchased electricity*</b>	4,066,871	4,169,428	4,620,942	4,859,400	4,864,456	4,587,847
<b>On-site renewable electricity*</b>	576	6,689	12,191	17,591	20,722	55,734
<b>Non-U.S. total energy</b>	<b>5,376,125</b>	<b>5,368,438</b>	<b>5,910,842</b>	<b>6,289,663</b>	<b>6,319,651</b>	<b>6,073,668</b>
<b>Total primary energy use</b>	<b>12,912,404</b>	<b>12,889,444</b>	<b>13,632,319</b>	<b>14,398,827</b>	<b>14,050,040</b>	<b>12,727,043</b>

*\*Includes 3x factor for purchased electricity to account for energy losses and 1x factor for on-site renewable electricity. The amount of renewable electricity generation reported in this table does not directly correspond to the quantity for which renewable energy attributes were retained.*

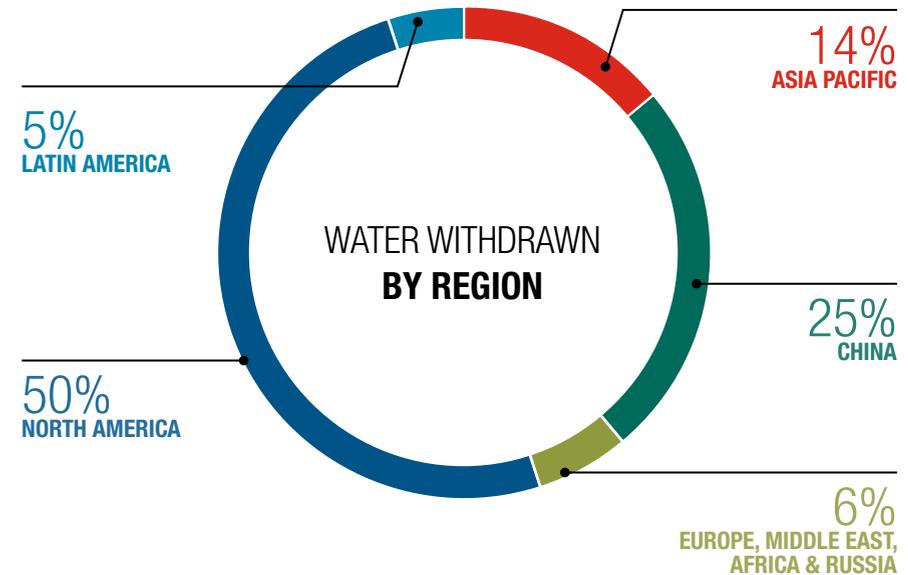
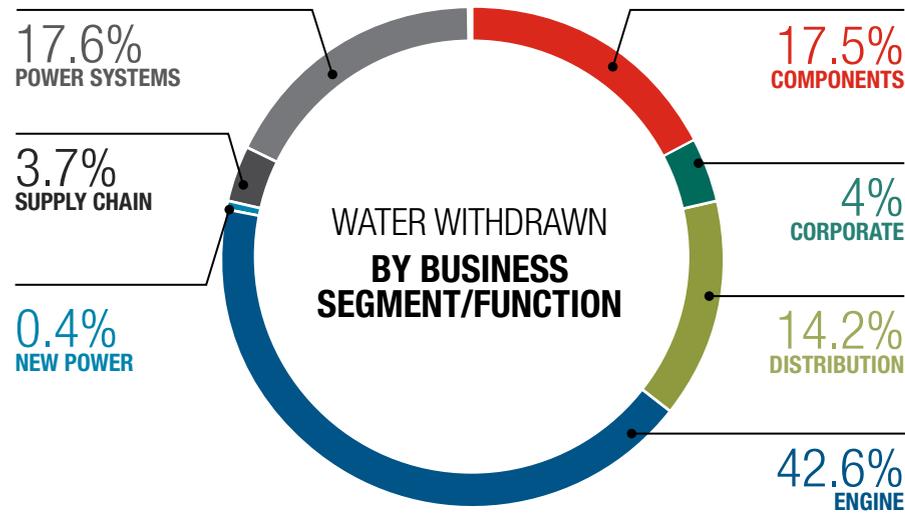
## WATER RISKS

These are the five most water-stressed river basins in the regions where Cummins has operations. Each is within the company's priority regions for achieving water neutrality. Overall, 43% of Cummins' water use was in water-stressed areas as of the close of 2020.

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



## WATER WITHDRAWN

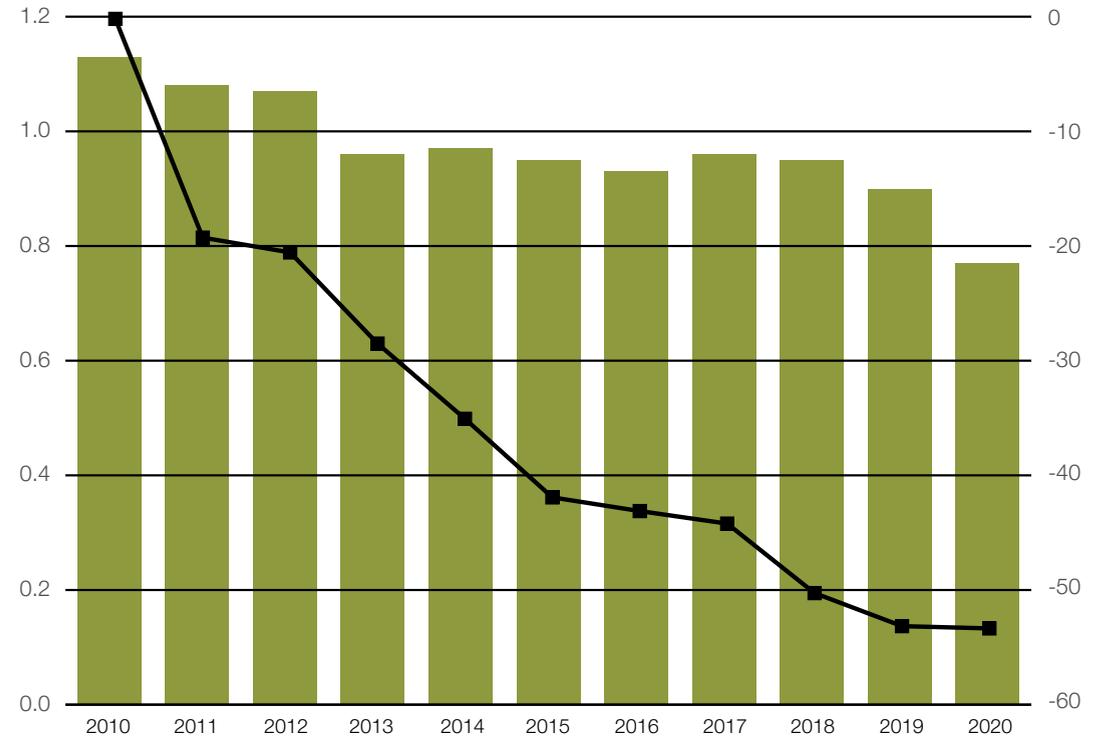


## 2020 WATER INDICATOR DATA

	IN GALLONS	IN MEGALITERS	
Water recycled and reused	18,191,592	68.9	Reuse and Recycle
Fresh surface water	13,062,286	49.4	Discharges
Municipal treatment plant	403,888,373	1,528.9	
Wastewater for another organization	4,430,726	16.8	
Aquifer recharge	97,053,053	367.4	
Groundwater (renewable)	43,674,092	165.3	Withdrawals
Municipal supply	728,180,635	2,756.5	
Rain water	402,955	1.5	
Consumption	182,250,416	689.9	Consumption

## WATER USE AND INTENSITY CHANGE FROM BASELINE

*in billion gallons*



2010	1.13 B	2015	.95 B
2011	1.08 B	2016	.93 B
2012	1.07 B	2017	.96 B
2013	.96 B	2018	.95 B
2014	.97 B	2019	.90 B
		2020	.77 B

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

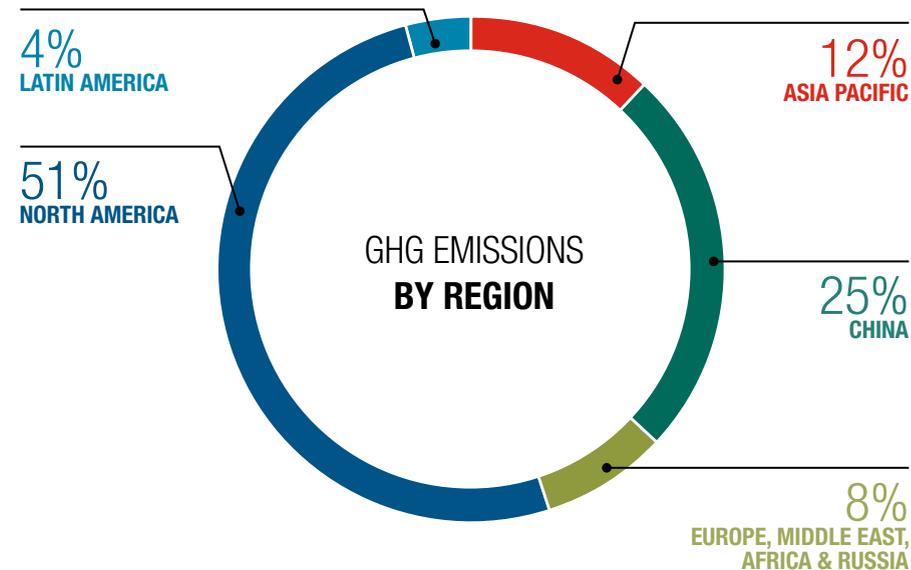
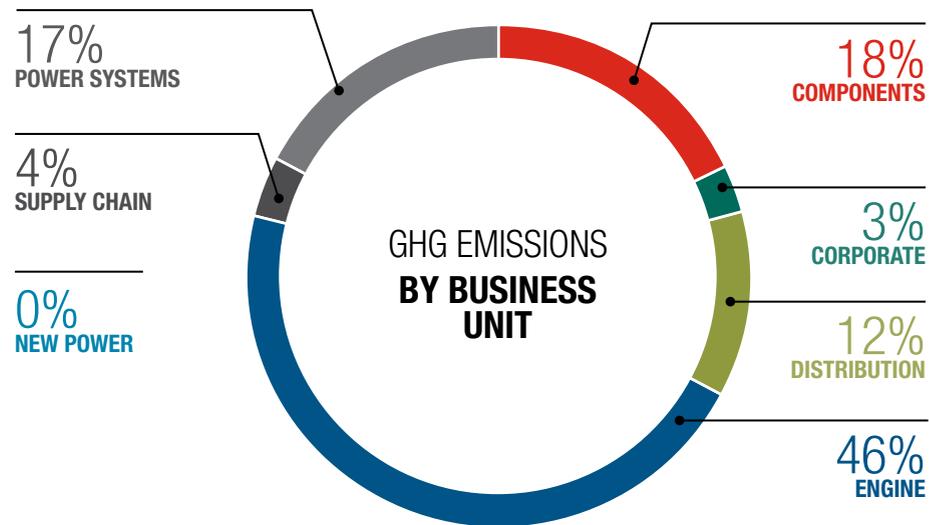
## BIO DIVERSITY HOTSPOTS



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

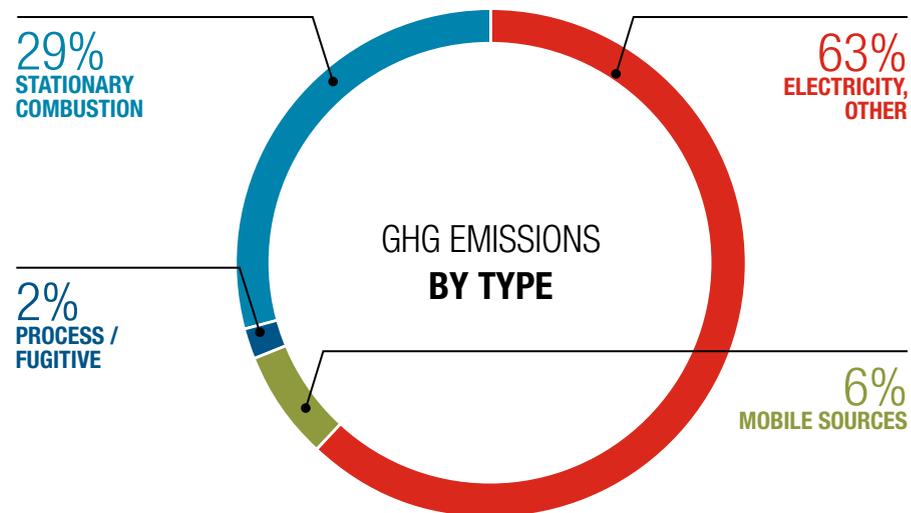
## 2020 GHG EMISSIONS BY BUSINESS UNIT AND REGION

CO<sub>2</sub>e



## 2020 GHG EMISSIONS BY TYPE

CO<sub>2</sub>e



## DIRECT AND INDIRECT EMISSIONS

(Facilities + power solutions  
business + mobile sources)

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

U.S. EMISSIONS					
DIRECT	2016	2017	2018	2019	2020
Stationary combustion	138,597	138,888	144,246	141,764	111,555
Mobile sources	36,138	32,611	33,197	34,620	28,301
Process / fugitive	4,827	5,260	4,874	4,856	4,806
Generation of sold electricity	0	0	0	0	0
<b>Total direct emissions</b>	<b>179,562</b>	<b>176,759</b>	<b>182,317</b>	<b>181,240</b>	<b>144,662</b>
INDIRECT EMISSIONS					
Electricity	282,434	261,122	272,115	238,458	194,403
Hot water	1	0	0	0	0
<b>Total indirect emissions</b>	<b>282,435</b>	<b>261,122</b>	<b>272,115</b>	<b>238,458</b>	<b>194,403</b>
DIRECT + INDIRECT					
<b>Total U.S. emissions</b>	<b>461,997</b>	<b>437,881</b>	<b>454,432</b>	<b>419,698</b>	<b>339,065</b>

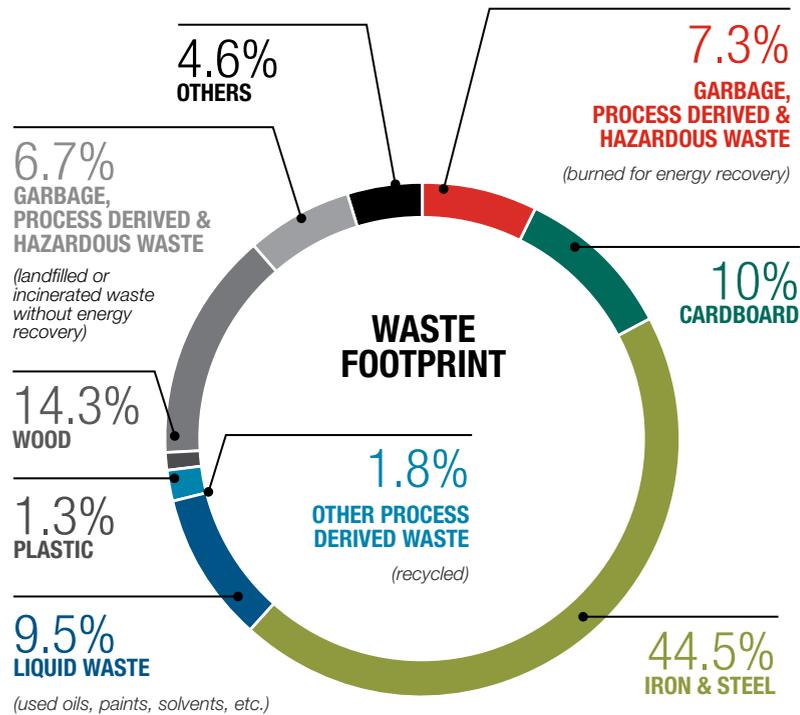
NON-U.S. EMISSIONS					
DIRECT	2016	2017	2018	2019	2020
Stationary combustion	75,590	81,340	88,644	89,801	88,916
Mobile sources	21,284	18,883	12	19,350	12,215
Process / Fugitive	10,567	10,464	9,990	10,220	10,347
Generation of sold electricity	17,049	17,360	17,360	2,296	2,296
<b>Total direct emissions</b>	<b>124,490</b>	<b>128,047</b>	<b>116,006</b>	<b>121,667</b>	<b>113,744</b>
INDIRECT EMISSIONS					
Electricity	246,214	274,954	282,498	258,391	238,468
Hot water	113	0	0	150	156
Steam	4,401	4,590	6,069	7,352	7,590
<b>Total indirect emissions</b>	<b>250,728</b>	<b>279,544</b>	<b>288,567</b>	<b>265,893</b>	<b>246,214</b>
DIRECT + INDIRECT					
<b>Total Non-U.S. emissions</b>	<b>375,218</b>	<b>407,591</b>	<b>404,573</b>	<b>387,560</b>	<b>359,958</b>

TOTAL U.S. EMISSIONS AND NON-U.S. EMISSIONS					
DIRECT	2016	2017	2018	2019	2020
Stationary combustion	214,187	220,228	232,890	231,565	200,471
Mobile sources	57,423	51,494	33,208	53,971	40,516
Process / Fugitive	15,285	15,274	14,864	15,076	15,154
Generation of sold electricity	17,049	17,360	17,360	2,296	2,296
<b>Total direct emissions</b>	<b>303,944</b>	<b>304,356</b>	<b>298,322</b>	<b>302,908</b>	<b>258,437</b>
INDIRECT EMISSIONS					
Electricity	528,648	536,076	554,613	496,849	432,871
Hot water	114	0	0	150	156
Steam	4,401	4,590	6,069	7,352	7,590
<b>Total indirect emissions</b>	<b>533,163</b>	<b>540,666</b>	<b>560,682</b>	<b>504,351</b>	<b>440,617</b>
DIRECT + INDIRECT					
<b>Total emissions</b>	<b>837,107</b>	<b>845,022</b>	<b>859,004</b>	<b>807,259</b>	<b>699,054</b>

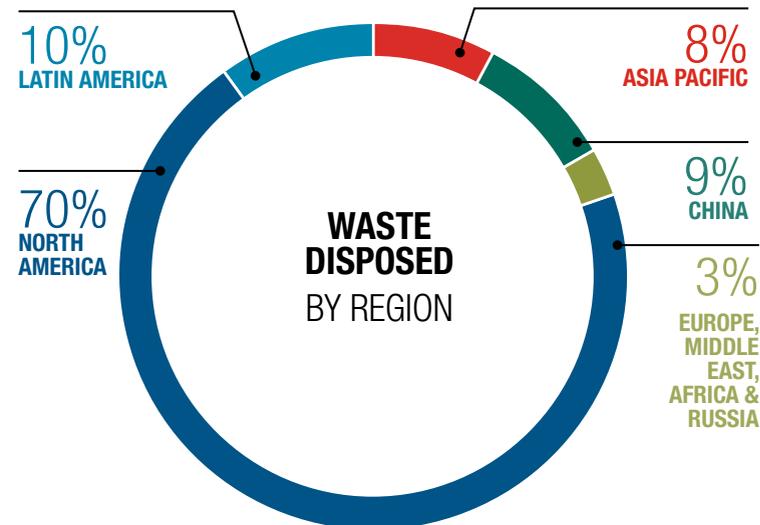
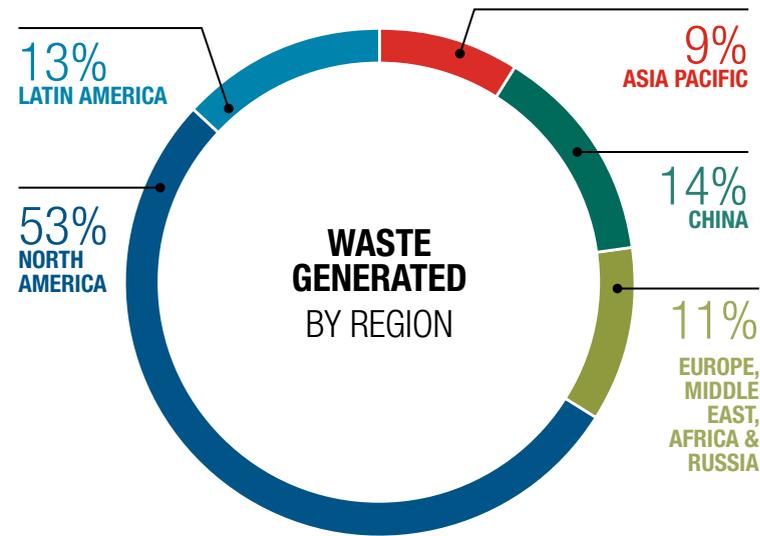
## 2020 CUMMINS WASTE FOOTPRINT

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

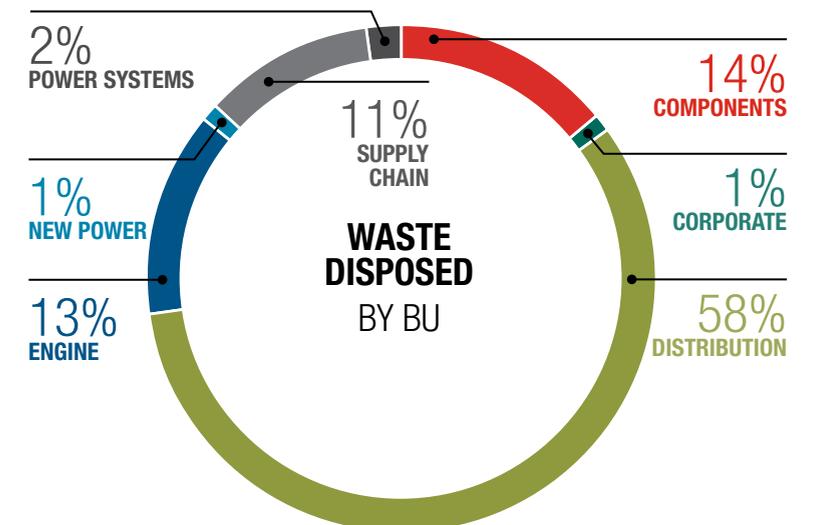
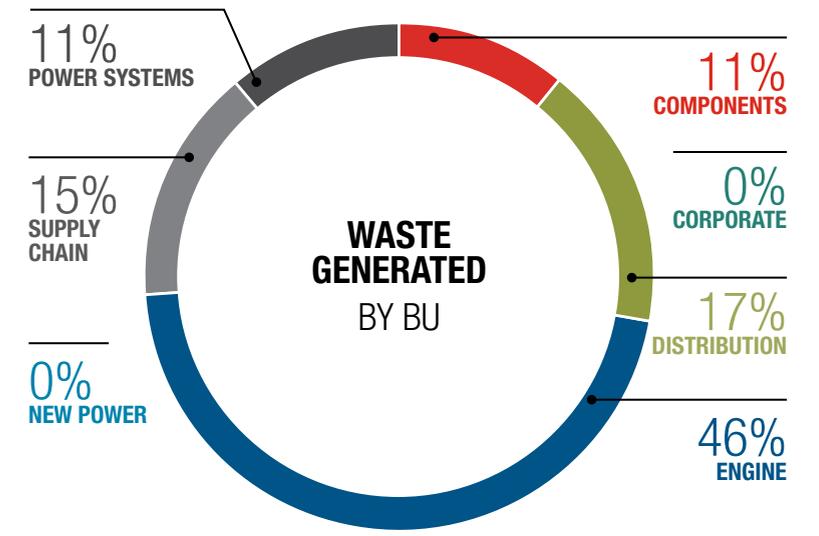
(Metric tons)



## WASTE BY REGION



## WASTE BY BUSINESS UNIT



## RECYCLED MATERIALS

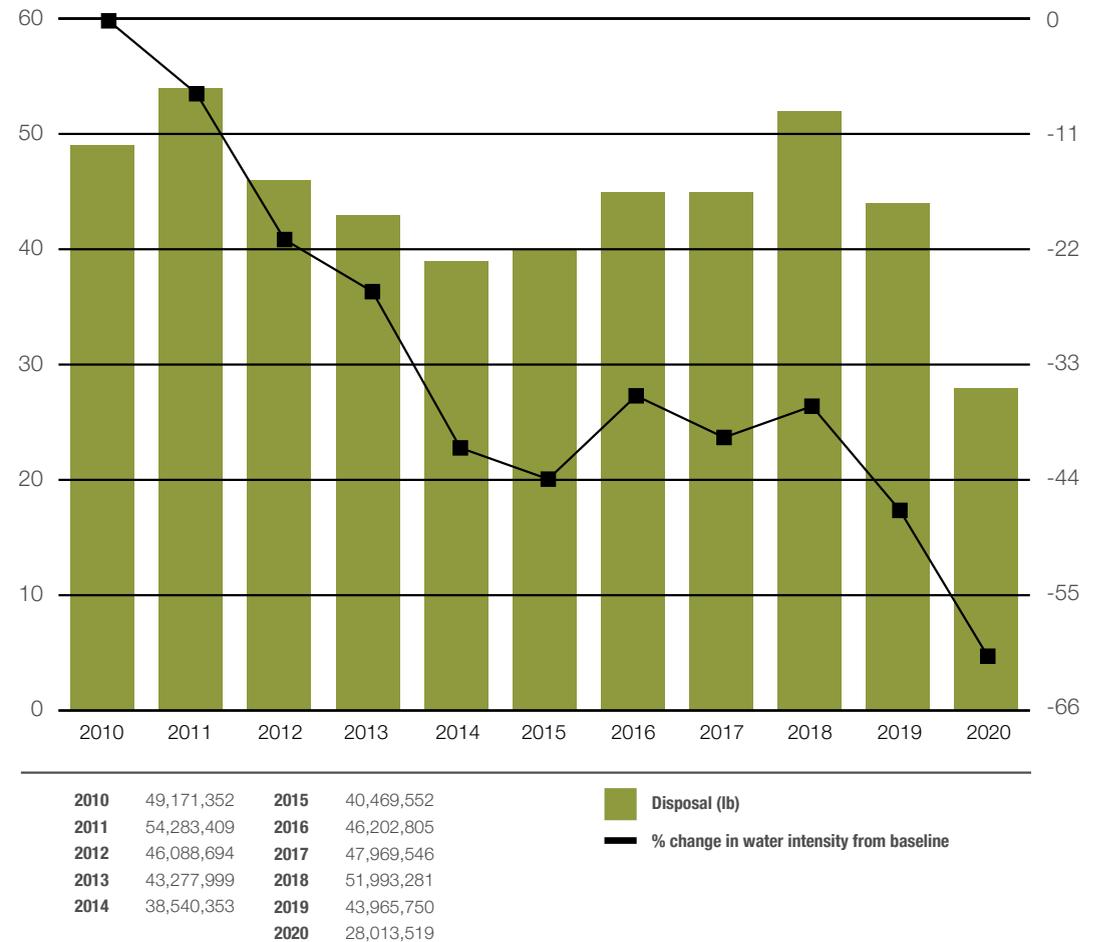
in metric tons

RECYCLED METALS	2016	2017	2018	2019	2020
Iron and steel	96,030	107,940	113,404	107,016	84,088
Aluminum	804	787	1,067	1,218	823
Copper and brass	667	915	585	609	358
E-waste	102	95	192	1,048	122
RECYCLED NON-METALS					
Wood	24,930	26,630	31,529	31,265	26,944
Cardboard	17,732	19,595	22,332	21,315	18,889
Liquid Waste	10,667	13,065	13,261	16,753	18,030
Burned for energy recovery	8,283	9,787	10,397	12,833	13,761
Composted	1,422	997	996	1,191	2,036
Plastic	2,302	2,741	3,551	2,778	2,434
Office paper	995	1,375	1,969	2,604	1,722
Hazardous waste	651	434	1,681	2,636	2,407
Other process derived industrial waste	902	1,792	2,456	3,036	3,396
<b>Total Recycled Waste</b>	<b>165,487</b>	<b>186,153</b>	<b>203,420</b>	<b>204,302</b>	<b>175,010</b>

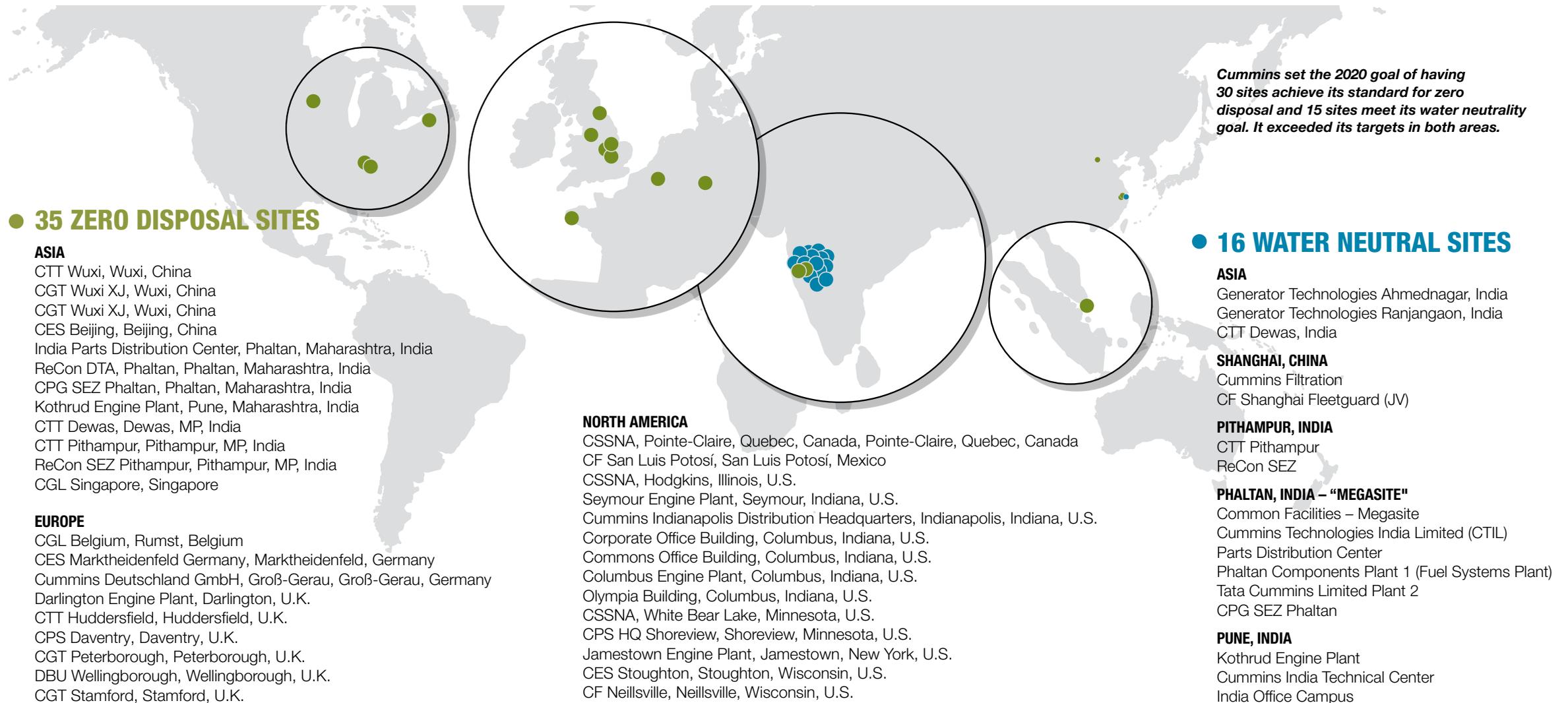
\* Includes only US EPA RCRA Hazardous waste

## TOTAL WASTE DISPOSED AND INTENSITY CHANGE FROM BASELINE

in million pounds



## ENVIRONMENTAL SITE MAP



## EXPLAINING WATER NEUTRAL AND ZERO DISPOSAL GOALS

### WATER NEUTRAL

01 Consistent with the waste and water management hierarchies (reduce first)

02 Protects the environment and the communities where the company operates

03 Completes annual validation reviews (new and renewal sites)

**Successfully offsets 100% of its water consumption within the community.**

**Must be in a water scarce region (Mexico, China, India, Africa, Brazil) to be counted in the goal of 15 sites.**

### ZERO DISPOSAL

**Successfully recycles 100% of its waste. Waste burned for energy recovery must produce a net energy gain to be considered in recycling.**

**Must have a headcount of 100 or more to be counted in the goal of 30 sites.**



Cummins Inc.  
Box 3005  
Columbus, Indiana 47202-3005  
U.S.A.

[cummins.com](http://cummins.com)

Produced in U.S.A. 4/22  
©2022 Cummins Inc.