



THE POWER OF CUMMINS

SUSTAINABILITY DATA BOOK 2014-2015

ABOUT THE DATA BOOK

Welcome to the Cummins 2014-2015 Sustainability Data Book. The Data Book includes all of the statistics found in the Company's Sustainability Progress Report plus some additional data from Cummins' environmental initiatives.

This is the Company's first Data Book. It is designed for those stakeholders who are primarily interested in the numbers surrounding Cummins' sustainability efforts. Like the Company's Sustainability Progress Report, it is produced in the spirit of the Global Reporting Initiative (GRI) and uses many of the terms used by the GRI and ratings groups such as the Dow Jones Sustainability Index.

The Data Book's goal is to use the best global numbers possible to illustrate Cummins' sustainability

efforts, including, where possible, joint ventures and distributors controlled by the Company. However, statistics limited strictly to the Company cover a significant majority of its employees and revenue.

Statistics pertaining only to Cummins activities in the United States, North America or a specific geographic area, are immediately identified in the Data Book. And readers can find many more statistics about the Company's financial performance by checking out the Company's Annual Report on the

10K Form at the Investor Relations section on cummins.com ([click here](#)).

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CUMMINS' APPROACH TO MATERIALITY

Cummins takes a broad view of sustainability, including the Company's environmental performance, corporate responsibility initiatives, innovation, health and safety, the right work environment, governance and financial growth.

The Company believes each of these areas is critical to long-term success in a highly competitive and evolving global marketplace. In establishing these areas as material to its sustainability, the Company factors in its Vision, Mission and Values and the feedback it receives from a wide variety of sources, including:

- » Customer input through multiple customer relations initiatives.
- » Employee and leadership observations.
- » Suggestions from community leaders and residents through Cummins' Corporate Responsibility programs.
- » Evaluations the Company participates in such as the Dow Jones' sustainability assessment or Ethisphere's governance and ethics review.

Cummins' Vision, Mission and Values provide a foundation that has helped Cummins successfully navigate multiple recessions, tremendous technological advances in its industry and fierce global competition. Collectively, they are integral to everything the Company does, rooted in a more than 95-year tradition of partnering in customers' success by providing innovative solutions to their power needs.

The Vision, Mission and Values provide a framework that helps Cummins establish key sustainability

issues to work on based on the input the Company receives, whether that means focusing on ways to reduce the water or energy it uses or the waste it produces; increasing community involvement through Cummins' Corporate Responsibility efforts to improve communities and keep employees engaged in the Company, or by promoting health and safety to protect Cummins' most important asset, its workers.

Individual areas of the Company then frequently undertake their own materiality exercises. Cummins, for example, created the Action Committee for Environmental Sustainability (ACES) in 2012 to study the Company's environmental footprint. The committee worked with employees from across the Company in addition to the Massachusetts Institute of Technology and a private consultant to produce Cummins' first formal environmental sustainability plan in 2014.

The Company, however, started practicing sustainability far earlier. Cummins has been producing a Sustainability Report since 2003 to inform stakeholders on its efforts to shrink its environmental footprint.

The Company is committed to transparency and has consistently increased the amount of data in succeeding reports. That first report was 43 pages. The Company's 2014-2015 Sustainability Progress Report is 138 pages. Cummins also began posting an Executive Summary in 2011 and in 2015 introduced its first Data Book, a collection of statistical information related to sustainability.

OUR SUSTAINABILITY STRATEGY

Cummins is committed to delivering superior results to its customers, acting with integrity and innovation, by providing its employees with a safe work environment conducive to excellent performance and continuous improvement. Part of the Company's mission is to demand that "everything we do leads to a cleaner, healthier, safer environment." The Company seeks a world view, embracing the diverse perspectives of all people and honoring them with both dignity and respect. Cummins is committed to serving and improving the communities in which we live.

Here's a look back at 2014, its accomplishments and challenges.

KEY SUSTAINABILITY ACCOMPLISHMENTS:

- » Established new goals for products in use and internal logistics.
- » On pace to meet all environmental goals established in 2014.
- » Exceeded 70 percent participation goal in Corporate Responsibility's Every Employee Every Community (EEEC) program.

- » 13 percent drop in Ergonomics Incidence Rate, a leading cause of injury.
- » Exceeded \$1 billion in spending with diverse suppliers in 2014.
- » Record revenues of \$19.2 billion in 2014.
- » As of the end of 2014, 21,000 people had been trained how to use Six Sigma tools at the Company since the process was introduced in 2000.

KEY SUSTAINABILITY CHALLENGES:

- » Cummins Power Generation fell short of revenue expectations.
- » Company recorded an increase in its Major Injuries and Dangerous Occurrences Rate in 2014.
- » Cummins established new goals for its environmental performance dealing with its products in use and Company logistics.
- » Cummins must continue working to meet 2020 goals for reducing its use of water and energy and its production of waste.

THE FIVE GROWTH ACCELERATORS

To meet both the challenges and opportunities Cummins faces, the Company has established a strategy for sustainable growth based on what it calls the Five Growth Accelerators. Achieving success in each of these areas will be critical to ensuring a long and successful future for the Company. Here are the accelerators:

Adopt a growth mindset

Think every day about where Cummins will be in the future so the Company can be ready for tomorrow's opportunities.

Advance from multi-national to a global

Work to align our global and regional strategies and ensure our processes work well in every country so every customer everywhere can benefit from the full Power of Cummins.

Achieve supply chain excellence

Supply chain excellence is critical to cost leadership, customer service, overall growth and fulfilling Cummins' mission that "everything we do leads to a cleaner, healthier, safer environment."

Deliver customer support excellence

Creating quality products, demonstrating the Company's commitment to customer success and doing what we say we will do are all essential to customer support excellence. We must demonstrate to our customers that we care about their success more than anybody else.

Invest in leadership development & high-performance teams

Outstanding leadership is critical to creating a work environment where Cummins employees, increasingly working on global teams, get the support and feedback they need to be successful.

VISION, MISSION, VALUES AND PRINCIPLES

OUR VISION

Making people's lives better by unleashing the Power of Cummins.

OUR MISSION

We unleash the Power of Cummins by:

- » Motivating people to act like owners, working together.
- » Exceeding customer expectations by always being the first to market with the best products.
- » Partnering with our customers to make sure they succeed.
- » Demanding that everything we do leads to a cleaner, healthier, safer environment.
- » Creating wealth for all stakeholders.

OUR PERSONALITY

Decisive. Driven to win.
Agile. Passionate. Caring.

OUR VALUES

INTEGRITY // Strive to do what is right and what we say we will do.

INNOVATION // Apply the creative ingenuity necessary to make us better, faster, first.

DELIVER SUPERIOR RESULTS // Exceed expectations consistently.

CORPORATE RESPONSIBILITY // Serve and improve the communities in which we live.

DIVERSITY // Embrace the diverse perspectives of all people and honor both with dignity and respect.

GLOBAL INVOLVEMENT // Seek a world view and act without boundaries.

OUR STRATEGIC PRINCIPLES

Leverage Complementary Businesses // Cummins is a family of complementary businesses that create value for our customers by leveraging relationships and applying innovative technology across business boundaries.

Increase Shareholder Value // Cummins' financial success is measured by growth in shareholder value. We will focus on ROE / ROANA and Earnings Growth (not Revenue Growth) as the principal drivers of shareholder value.

Seek Profitable Growth // Cummins will seek profitable growth by leveraging our assets and capabilities to grow in market segments with favorable industry dynamics and where Cummins can establish an advantage.

Relentlessly Pursue Cost Leadership // Cummins will pursue an operational strategy of cost leadership.

Lead in Critical Technologies // Cummins will be the market leader in technologies most critical to our customers' success and our Company's performance.

Create the Right Work Environment // Cummins will assure that the physical and cultural work environment is conducive to excellent performance and continuous improvement.

WHO WE ARE

Cummins Inc., a global power leader, is a corporation of complementary business units that design, manufacture, distribute and service engines and related technologies, including fuel systems, controls, air handling, filtration, emission solutions and electrical power generation systems.

WORLD HEADQUARTERS 500 Jackson Street Columbus, IN 47201	STOCK SYMBOL (traded on New York Stock Exchange) CMI	FOUNDED IN 1919	FORTUNE 500 RANKING (2015) 154
		WEB SITE www.cummins.com	

SALES / EARNINGS In 2014, Cummins earned \$1.65 billion on revenues of \$19.2 billion.	EMPLOYEES Worldwide, approximately 54,600 people. More than 60 percent of the Company's employees are located outside the United States.	CUSTOMERS The Company's customers are located in approximately 190 countries and territories that Cummins reaches through a network of more than 600 company-owned and independent distributor locations and approximately 7,200 dealer locations.
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HOW WE DO IT

Cummins is organized into four business units:



CUMMINS ENGINE BUSINESS

The Engine Business manufactures and markets a complete line of diesel and natural gas engines for on-highway and off-highway use. Markets include heavy- and medium-duty trucks, buses, light-duty trucks and industrial uses such as agricultural, construction, mining, marine, oil and gas and military equipment.



CUMMINS POWER GENERATION BUSINESS

Power Gen is a global provider of power generation systems, components and services in standby power, distributed power generation, as well as auxiliary power in mobile applications. It also provides a full range of services including long-term operation and maintenance contracts and turnkey and temporary power solutions.



COMPONENTS BUSINESS

Cummins Emission Solutions designs and manufactures exhaust aftertreatment technology and solutions for the light-, medium-, heavy-duty and high-horsepower engine markets.

Cummins Filtration designs and builds heavy-duty air, fuel, hydraulic and lube filtration and chemical and exhaust system technology products.

Cummins Fuel Systems designs and manufactures new fuel systems.

Cummins Turbo Technologies designs and builds turbochargers to boost engine power and related products.



CUMMINS DISTRIBUTION BUSINESS

Cummins Distribution sells and services the full range of Cummins products for over 20 application segments in over 190 countries around the globe.

KEY PERFORMANCE INDICATORS

Cummins takes a broad view of sustainability, including the environment, corporate responsibility, safety, diversity, employee development and governance. The Company uses a number of key performance indicators (KPIs) to evaluate how it's doing. You will find them listed throughout this report.

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

	2012	2013	2014
ECONOMIC			
Revenue	\$17.3 billion	\$17.3 billion	\$19.2 billion
Earnings	\$1.65 billion	\$1.48 billion	\$1.65 billion
EBIT	\$2.35 billion	\$2.16 billion	\$2.5 billion
	2012	2013	2014
ENVIRONMENTAL			
GHG emissions (thousands of metric tons CO ₂ e)	729	750	788
Energy consumption¹ (thousands of MMBtu)	11,711	12,077	12,746
Water use (millions of gallons)	1,069	958	972
Water intensity reduction²	22%	30%	36%
Energy intensity reduction^{2,3}	33%	30%	34%
GHG intensity reduction^{2,3}	35%	33%	35%
Recycling rate	88%	89%	90%
	2012	2013	2014
EMPLOYEES			
Major incidents / dangerous occurrences rate	0.056	0.047	0.057
Incidence rate	0.69	0.65	0.61
Women leaders in the workforce	19%	20%	20%
Every Employee Every Community (EEEC) participation rate	63%	68%	73%
Environmental Challenge employee participation	12,000	11,500	13,600
Greenhouse gas reduction as part of the Environmental Challenge (metric tons)	4.3	19	22.4

ECONOMIC DIMENSION KEY TO CUMMINS' SUSTAINABILITY

Cummins believes the economic dimension of the Company's sustainability work is critical to the Company's long-term future. Having a proven method for conducting research, a strong governance initiative to guard against corruption, a method for investigating potential violations of Cummins' codes of conduct, effective risk management and terrific customer relationship management is foundational to the Company's financial success.

Financial success, in turn, is critical to ensuring investment in the many initiatives that make a company sustainable. These building blocks, however, require constant attention and periodic adjustments to remain effective in a constantly evolving business climate.

Here's a look at what Cummins has been doing to ensure it has a sustainable economic dimension.

INNOVATION MANAGEMENT

At Cummins, innovation is one of the Company’s six core values, calling on employees to “apply the creative ingenuity necessary to make us better, faster, first.”

The Company’s Advanced Engineering and Technology organization looks out six to 10 years and sometimes longer, well upstream of product development. The engineers and scientists who make up this group are discovering, inventing and applying the most advanced technologies in engines, power generation and related products. Their work is vital to Cummins’ sustainability.

It’s a critical time for research and technology. For years, increasingly stringent North American emissions regulations have driven innovation at the Company. Now that diesel engines have reached near zero emissions levels, that’s not as true.

In just the past five years, Cummins has more than doubled its investment into research and development,

increasing its contribution from \$362 million in 2009 to \$754 million in 2014.

Over time, Cummins has developed an effective way to conduct its product research. To help ensure general research continues into areas such as combustion and alternative fuels, that work is covered by corporate funds. As an idea becomes ripe for product development, its funding is taken over by the applicable business unit at the Company.

This is true not only in the United States, but for Advanced Technology Teams in India and China.

CUMMINS’ INVESTMENT IN RESEARCH & DEVELOPMENT

YEAR	FUNDING
2009	\$362 million
2010	\$414 million
2011	\$629 million
2012	\$728 million
2013	\$713 million
2014	\$754 million

NOTE: For more information on the assumptions in calculating these numbers, please see Cummins’ 2014 Annual Report on 10 K Form at <http://investor.cummins.com/phoenix.zhtml?c=112916&p=irol-reportsannual>

GOVERNANCE

Cummins guides employees and suppliers toward ethical behavior through its codes of conduct and related training. But the Company also strives to hold everyone who does business on Cummins' behalf to the same high ethical standards.

The Cummins Code of Business Conduct outlines 10 Ethical Principles that help make Cummins a sustainable company and a great place to work. The Code of Business Conduct is translated into 16 languages and posted globally on the Company's internal website and also on cummins.com, the Company's external website.

All Cummins employees are held to these high standards and have an obligation to report suspected violations. They have multiple ways to report their concerns, including on the Cummins Ethics Help Line, a hotline accessible around the world.

As a global company, Cummins relies on a number of external companies and vendors to sell and service its products, bid on business, obtain licenses and permits, and interact with officials to move products across borders. This group includes independent distributors and dealers, sales agents, consultants, customs brokers, and a number of other people.

Cummins employees in the Company's Ethics and Compliance organization are actively working to strengthen compliance in this area by improving due diligence around compliance processes, enhancing contract language and delivering compliance training to high-risk third parties who conduct business on the Company's behalf.

CODE OF CONDUCT

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

Cummins' Supplier Code of Conduct, last updated in 2013, applies to all businesses that provide products or services to Cummins and its subsidiaries, joint ventures, divisions or affiliates. Available in 15 languages, the Supplier Code of Conduct helps Cummins ensure that it's doing business with other companies around the world that share Cummins' values for sustainable practices.

All new suppliers receive a copy of the Supplier Code of Conduct and Cummins encourages them to adopt it. If the supplier already has another code that meets the Company's minimum requirements, Cummins sometimes agrees to let them use their existing code. The Company's top suppliers, who collectively receive 80 percent of Cummins' total spending, are required to certify their intent to comply with the Supplier Code of Conduct.

CUMMINS SUPPLIER CODE OF CONDUCT

The Supplier Code of Conduct is built around seven principles:

- 01** *Suppliers must follow the law.*
- 02** *Suppliers must treat all people with dignity and respect.*
- 03** *Suppliers must do business fairly and honestly and avoid conflicts of interest.*
- 04** *Suppliers must protect the environment.*
- 05** *Suppliers must provide a safe and healthy working environment.*
- 06** *Suppliers must protect Cummins technology, information and intellectual property.*
- 07** *Suppliers must assist Cummins in enforcing this Code.*

To ensure Cummins employees understand the Code of Business Conduct, its underlying Company policies, and their role in adhering to both, Cummins uses a comprehensive compliance training program to target appropriate employee groups. These training initiatives include antitrust and anti-bribery offerings.

In 2014, Cummins released two new mandatory online training courses – Careful Communications at Work and Doing Business Ethically – on the Cummins Learning Center, Cummins' in-house learning management system. Doing Business Ethically combined separate courses on conflicts of interest, export controls and fair competition, while Careful Communications addressed social media usage for the first time, as well as document retention policies and safe handling of intellectual property.

As of March 1, 2015, completion rates were 91 percent for Careful Communications and 86 percent for Doing Business Ethically.

NOTE: Shop floor employees receive Code of Conduct and Treatment of Others training in person. Targeted courses delivered primarily online— e.g. bribery, export, fair competition – only go to office and professional employees, about half of the Company’s total employee population. The targeted topics are most relevant to office and professional employees.

COMPLIANCE TRAINING

Thousands of employees receive compliance training every year at Cummins. These figures are accumulated enrollments for active Cummins employees going back to when the training courses were first implemented. The oldest courses extend back to 2005.

TRAINING	ENROLLED	COMPLETE	PERCENT COMPLETE
Anti-Bribery	25,639	25,090	98%
Antitrust and Fair Competition	8,084	8,018	99%
Careful Communications	25,799	25,293	98%
Code of Business Conduct (online refresher)	22,219	18,529	83%
Conflicts of Interest	20,853	20,337	98%
Doing Business Ethically	25,258	22,886	91%
Export Compliance	16,579	16,165	98%
Global Competition Principles and Practices	10,454	10,137	97%
Information Protection	21,157	20,559	97%
Intellectual Property	5,518	5,470	99%
Lobbying and Political Activity	575	561	98%
Records/Information Management	21,017	20,412	97%
Treatment of Each Other At Work (online refresher)	12,902	12,902	100%
Fair Labor Standards Act	604	578	96%
Managing Within the Law	465	462	99%
Code of Business Conduct (initial classroom)	49,572	46,688	94%
Treatment of Each Other At Work (initial classroom)	49,572	46,643	94%

MASTER INVESTIGATORS

A key part of any company's efforts to create the right environment for success is the ability to investigate complaints made about employees' treatment of each other.

The Company has Master Investigators stationed around the world to investigate reported abuses of the Code. Employees can file complaints anonymously where allowed by law. Here's a look at some key 2014 metrics:

» **INVESTIGATIONS:**

The Company investigated 1,559 reported Code violations, up from 1,367 in 2013.

» **LOCATION:**

About 45 percent of those reports came from outside the United States and 32 percent were reported anonymously.

» **SUBSTANTIATED:**

About 48 percent of the total reports were ultimately substantiated in 2014, compared to 50 percent in 2013.

» **TERMINATIONS:**

Around 29 percent of the substantiated reports resulted in terminations compared to 33 percent in 2013.

» **CLOSURES:**

The average time to close a case was 13 work days, down one day from 2013.

NOTE: *These statistics are based on complaints gathered by various means including the Company's global hotline and ethics website widely advertised within the Company as places employees can go to report complaints.*

RISK MANAGEMENT

The best way to mitigate risk is to understand it, and Cummins Enterprise Risk Management is working hard with leaders throughout the Company to identify, assess, prioritize and mitigate risks that could harm Cummins.

In 2014, Enterprise Risk Management:

- » Refreshed its enterprise risk assessment process;
- » Updated the risk management vision and mission;
- » Identified collaboration opportunities across multiple risk and assurance groups and
- » Continued developing and rolling out business continuity plans around the world.

With hundreds of locations globally, Cummins wants each of its sites to have a business continuity plan in place to speed resumption of normal operations in case the site is impacted by a critical event such as an information technology or power outage, labor strike, natural disaster or other significant event.

The Company has conducted stress tests simulating a critical event at three locations in the United Kingdom over

the past year to test plans and expects to conduct additional tests in China and the United States.

KEY METRIC: The Company had 575 sites covered by business continuity plans as of June, 2015, well over 80 percent of the Company. The group's goal is to have all sites covered by the end of 2015.

CUSTOMER RELATIONSHIP MANAGEMENT

Outstanding customer support is critical in differentiating Cummins and making the Company the first choice of customers every time. Customer Support Excellence is transforming Cummins to be more customer-focused by understanding how its customers define success and delivering excellent customer experiences globally.

“We must demonstrate to customers that we care about their success more than anybody else,” says Cummins Chairman and CEO Tom Linebarger.

The Company’s goal is always to have the most comprehensive understanding of its customers’ needs and challenges simply by asking what they are. Then, the Company can best determine how its products and services can uniquely serve their needs.

One of the many tools the Company uses to improve its customers’ experience with Cummins is the Net Promoter System (NPS). NPS is a closed-loop process that involves evaluation and action based on direct customer feedback. Throughout Cummins, NPS drives improvements that are the key to creating excellent customer experiences that drive growth and enable success.

In addition to NPS, Cummins gathers customer feedback through Voice of the Customer efforts in Six Sigma, market research, customer visits, and customer satisfaction metrics. The Company’s intention is to use all tools available to hear what customers want from Cummins so it can deliver on its promise of dependability.

FINANCIAL

Cummins reported record financial results in 2014 driven by higher revenues in North America, which more than offset lower demand in Brazil and Europe.

Revenues over the year increased 11 percent to \$19.2 billion. Meanwhile, revenues in North America increased 20 percent over the same time period while international sales went up 2 percent as growth in China offset weaker demand in Brazil and India.

Net income attributable to Cummins for the full year was \$1.65 billion (\$9.02 per diluted share), or \$1.67 billion (\$9.13 per diluted share) excluding

one-time items, up from \$1.48 billion (\$7.91 per diluted share) in 2013.

EBIT (Earnings Before Interest and Taxes) was \$2.5 billion or 13 percent of sales for 2014. Excluding one-time items, EBIT was \$2.53 billion or 13.2 percent compared to \$2.16 billion or 12.5 percent of sales in 2013.

“We reported record revenues in 2014 despite weak economic conditions in several of our most important international markets,” said Cummins Chairman and CEO Tom Linebarger. “Revenues grew 11 percent as demand in on-highway markets in North America improved,

we continued executing our distributor acquisition strategy and we delivered strong growth in China driven by new products.”

The 2014 results returned the Company to its previous growth history after sales were flat between 2012 and 2013. Since 2010, external sales have grown about 45 percent.

To learn more about Cummins’ financial picture, please go to the Company’s 2014 Annual Report on 10K Form ([click here](#)).

FINANCIAL PERFORMANCE AT A GLANCE

YEAR	SALES	NET INCOME attributable to Cummins
2009	\$10.8 billion	\$428 million
2010	\$13.2 billion	\$1.04 billion
2011	\$18.0 billion	\$1.85 billion
2012	\$17.3 billion	\$1.65 billion
2013	\$17.3 billion	\$1.48 billion
2014	\$19.2 billion	\$1.65 billion

ENVIRONMENTAL DIMENSION

Whether Cummins is designing and producing the next generation of fuel efficient engines or working to achieve water neutrality in water-scarce regions where the Company operates, environmental stewardship is critical to Cummins' business success. Each year the Company introduces new products and tools to help its customers save fuel and money, while reducing harmful greenhouse gases. Cummins has made solid progress on its facility goals for water, waste and energy, and set two new goals in 2015 for its products in use and the Company's managed freight. Cummins has a robust environmental management system to collect and manage data to inform decision making in setting and meeting objectives and targets in its facilities. Here's a look at what Cummins has been doing to achieve its mission "that everything we do leads to a cleaner, healthier, safer environment.

MATERIAL ENVIRONMENTAL ISSUES

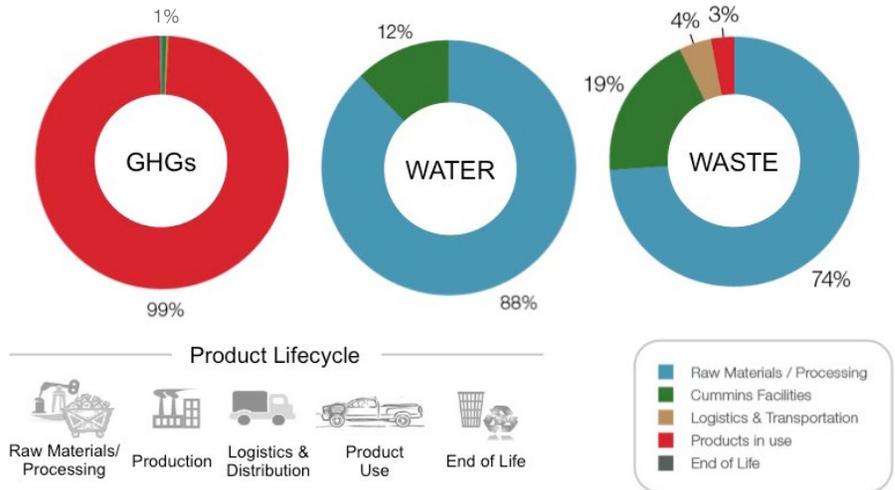
Cummins business strategy has been influenced by the creation of the Action Committee for Environmental Sustainability (ACES) in 2012. This working group is tasked with integrating climate change actions into overall business strategy and is the voice and catalyst for environmental action beyond compliance at the Company. The corporate ACES team has a global focus, involves all businesses and all functions. Its structure of stakeholder areas is replicated in each of the four Company business units. The environmental stakeholder areas of ACES ensure that all aspects of the environment and relevant areas of the business are included. Data is collected and reported that inform decision making and goal setting.

A major outcome of the working group is that in May 2014, Cummins announced that, after thorough study and analysis, it had adopted a comprehensive environmental sustainability plan to address the Company's biggest environmental opportunities – from the materials it buys to its products in use.

The team's issue identification was accomplished through a consensus-driven process incorporating:

- » Input from a diverse set of internal and external stakeholders
- » A work session to interpret stakeholder input and define a consensus prioritization of issues/impacts
- » A benchmarking process to evaluate Cummins against select peers to define the greatest risks and opportunities

Cummins' environmental footprint



PRODUCT LIFECYCLE ANALYSIS

ACES commissioned a comprehensive product life cycle analysis (LCA) and an embodied energy study by the Massachusetts Institute of Technology (MIT) to identify the Company's most significant environmental impacts. ACES used this data to determine the Company's priorities.

Greenhouse Gas Emissions (GHGs) / Carbon Dioxide (CO₂)

GHGs from fossil fuels consumed by Cummins products have the most significant environmental impact across the product lifecycle with focus on reducing CO₂ emissions specifically from our engines. Ninety-nine percent of CO₂ emissions result from products in-use.

Water

Mining and processing of raw materials in the supply base accounts for 88 percent of Cummins' water consumption. Water intensity differs by metal type with steel being the most intensive, representing 55 percent of water demand. Reduction of metal use with an emphasis on steel is a major focus.

Waste

Mining and processing of raw materials in the supply base account for 74 percent of Cummins waste footprint. This includes the excess, unused materials from the extraction and subsequent refinement of metal ores, the bulk of which is discarded during the refining process. The environmental costs at the beginning of the supply chain make scrapping metals in Cummins' facilities even more consequential. The 106,000 tons of metal recycled by Cummins in 2011 represented 61 percent of the company's total waste footprint. Additionally, since 95 percent of Cummins engines are metal, reducing metal byproducts in engine manufacturing would significantly lower waste and energy costs.

Facilities are also an important part of the Cummins' environmental footprint since the Company has the most control over its operations. To-date, efforts have successfully yielded cost savings and engaged employees. Furthermore, the environmental performance of facilities is highly visible to stakeholders, communities and employees. More can and will be

done to address energy, waste and water use of Cummins' facilities and operations.

As a result of the comprehensive product life cycle analysis (LCA) and an embodied energy study, the following represent the Company's biggest environmental impacts and are thus ACES priorities:

- » Materials and fuel efficiency
- » Products in use
- » Facilities and operations
- » Logistics

The most important components of the short term strategy was to initially set specific goals for its own facilities where the Company has the most influence and experience. These goals allow Cummins to take swift action to mitigate near-term environmental impacts while setting the Company on a path for progressively more aggressive action in the long-term. The goals, as announced in 2014, call for energy and GHG reductions by 2015, water use reduction and water neutrality at 15 sites by 2020 and a recycling rate of 95 percent and 30 sites at zero disposal, also by 2020.

Our environmental analysis told us that our opportunity to have the biggest positive environmental impact in the long-term is in our products, both in design and in use. In May 2015, the Company announced two new environmental sustainability goals, for its products in use and the logistics of the Company's managed freight. Cummins manufactures more than a million engines and various other components annually and can help reduce the environmental impact of these existing products in use by working with customers to improve the fuel efficiency of their products in use, thus reducing fuel and GHG emissions.

Since an estimated 70 percent of the environmental impacts of a product are determined in the design phase, an ACES team is working to embed environmental considerations into new product development and product planning processes. By utilizing Life Cycle Analysis tools, engineers will be better able to understand the impact of their choices on the environment from the extraction of raw materials to end of life. The company expects to announce more on its design for environment strategy in 2016.

MATERIAL ISSUE: PRODUCT STEWARDSHIP

Priority areas

Products in use, materials and fuel efficiency

Key performance indicator

Environmental Sustainability Goal

Partner with customers to improve efficiency of our products in-use, reaching by 2020 an annual reduction of 3.5 million metric tons (MMT) of CO₂ and saving 350 million gallons of fuel.

To meet the goal, annual targets beginning with 2014 were established increasing annually to 3.5 million metric tons by 2020. The cumulative total CO₂ avoided over this 7 year span will be 15.6 million metric tons representing a \$6.3 billion savings in fuel cost for our customers. This is equivalent to removing 3.29 million cars from the road or the amount of CO₂ sequestered by 12.8 million acres of forests.

Scope

Products in use (PIU) encompasses vehicles, machines and power generation in operation or a current/new installation modified for fuel efficiency. The plan calls for Cummins to improve 2 million engines in all Area Business Organizations (ABOs) and regions. The focus of the PIU teams is to accelerate, promote and grow with best practices, training and idea cross-sharing.

Through ACES, the PIU Team is collaborating with the Design for Environment (DfE) team to share ideas and ensure fuel economy gains are captured and tracked appropriately. Fundamentally, base engine changes made by Value Package Introduction (VPI) teams will be captured by DfE such as development of a new combustion recipe. The portion of the efficiency gains on these same engines with the OEM installation, such as using viscous fan drives, or vehicle spec optimization with customers using PowerSpec will be captured by PIU.

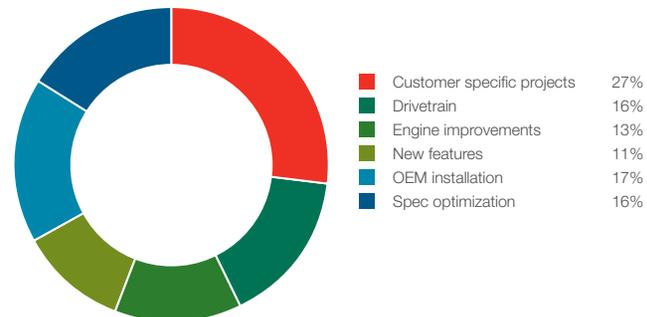
Goal development

Three fuel economy teams were established (on-highway, off-highway and high horse power) and included the distribution business unit and global personnel to develop the PIU goals. The teams then identified initiatives by area business organization/region, source of work (from engine plant, at OEM, at customer site) and business unit, and then quantified potential results. The on- and off-highway teams conducted a bottom-up approach by identifying initiatives. The high horsepower team used an entitlement based off engine population/CO₂ footprint then identified initiatives.

Assumptions

- » Measurement system to accurately capture fuel efficiency improvement results
- » New product improvements are also applied to current in-use products
- » Customer demand matches our resources and capacity to complete projects
- » Improvements made in a given year continue to provide benefit through 2020
- » Resources are in place to support the work identified to meet the goal

Products in use fuel economy initiatives



Since 2004, Cummins has collaborated with its end user truck fleet customers on more than 100 customer-focused projects using Six Sigma, the business problem-solving tool. They have saved 90 million gallons of fuel and avoided more than one million tons of CO₂ emissions. That's equivalent to taking 221,000 cars off the road. The average fuel economy customer project yielded 4 percent to 6 percent improvement in North American heavy-duty truck. The projects included optimizing vehicle specifications and engine operating parameters, fleet and driver training and advanced engine integration with the vehicle.

A recent example is our work with General Electric and Komatsu on a plan that will improve the fuel efficiency of a customer's fleet of nearly 300 mining trucks in Australia by more than 4 percent. That 4 percent translates into an annual savings of \$14 million for the mining company

and an avoidance of 27,000 tons of CO₂ emissions.

The new powertrain package for the North American heavy-duty truck market introduced in 2013 had tremendous success in 2014. The new product combines an Eaton Fuller Advantage Series automated transmission with new Cummins ISX15 SmartTorque2 ratings. In 2014, Cummins helped its North America line haul customers optimize their engine and automatic transmission calibrations and increase engine and transmission communication. The result was an average 3.3 percent fuel efficiency improvement per customer, saving in total 2.3 million gallons of fuel, \$9.4 million and 23,000 metric tons of CO₂. The GHG avoidance was calculated using fuel savings, a very easily identified number maintained very accurately by truck fleets and using the established EPA carbon calculator tool to determine CO₂ saved in metric tons.

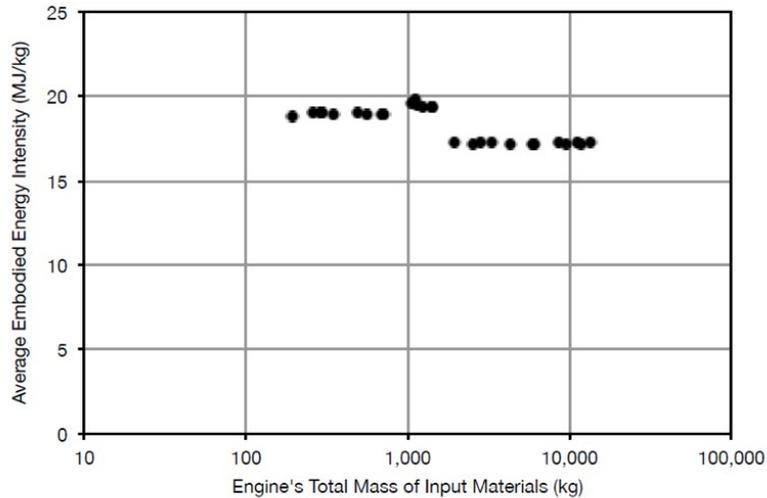
DESIGN FOR ENVIRONMENT

In 2011, Cummins partnered with MIT to conduct a Lifecycle Analysis of our flagship product, the ISX 15L engine. The LCA was scoped to analyze the environmental impacts of the material extraction, processing, logistics and assembly phases of the lifecycle (also known as cradle-to-gate analysis). Cummins knows that the environmental impact of its products in-use dwarfs the impact in the other phases of the lifecycle. For years we have strived to improve the efficiency of our products and that will not change in the future.

The goal of the ISX 15L LCA was to understand the environmental impact of component material and processing to learn what decisions designers can make to reduce the overall impact of products beyond improving the fuel efficiency. This study found that metals account for 60 percent of the embodied energy required to make an engine.

"Embodied energy" is a metric that is used to quantify all of the energy required to make a product and is a good proxy for environmental impacts broadly. The MIT study also found that the transportation of parts and finished goods was a significant factor, representing 14 percent of the embodied energy. Metals and transportation combined were 74 percent of the embodied energy required to make an engine.

In conjunction with that work, the materials and process embodied energy for our entire engine product line was calculated. Material data from every engine was analyzed, from Cummins' smallest 3L engines to the large high horsepower (78L) engines. When plotted by engine weight, the Company learned that the majority of our engines have a very similar embodied energy intensity as shown in the chart on the next page.



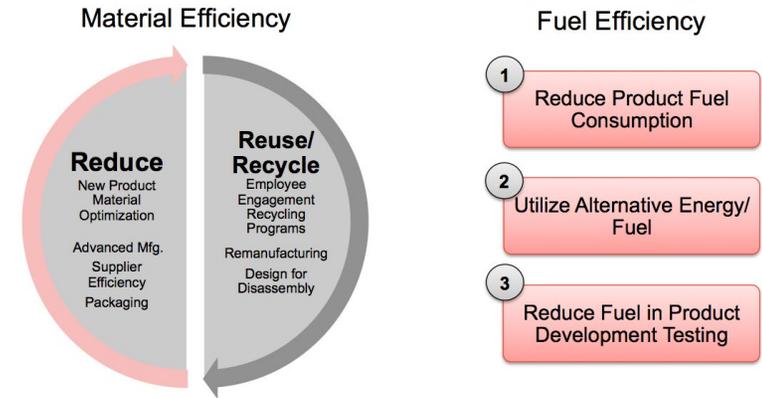
There is a slight drop in average embodied energy for the high horsepower products, which is due to a higher percentage of low embodied energy materials (such as scrap steel). Overall, we learned that the embodied energy intensity of the Company's engines are nearly the same across most engine product lines and therefore additional LCAs on existing engine platforms are not necessary at this time. Cummins will continue to monitor the embodied energy of its new products for comparison purposes. The MIT LCA embodied energy intensity study provided material and process environmental impact data that would cover 60 percent of Cummins' revenue.

However, Cummins makes more than just engines and the Company sees the benefit of evaluating the lifecycle environmental impacts of its other products, such as alternators and generator sets. Cummins is planning to conduct additional LCAs on other critical products in the near future.

The MIT study helped to set the strategy for Cummins' Design for Environment initiative that was launched while the project was being completed. The key priorities of the Design for Environment initiative can be broken into two groups: material efficiency and fuel efficiency.

Material efficiency at Cummins is as simple as reduce, reuse, recycle.

Materials and Fuel Efficiency strategy



REDUCE

Cummins strives to reduce the amount of raw material in its products so that the Company reduces the waste generated and water usage in the raw material extraction phase of the lifecycle. The Design for Environment team is promoting the use of computer-aided engineering tools that help designers optimize for material use. These tools can reduce design time, improve stress distribution as well as reduce raw material. Reducing raw material reduces the environmental impact of the component itself as well as can reduce the impact of the product in-use by improving fuel economy. Cummins also has an

Advanced Manufacturing Council that researches new technologies that improve manufacturing efficiency and reduce resource consumption.

REUSE

Cummins has a long-standing successful remanufacturing business and the Design for Environment initiative promotes important Design for Remanufacturing work that is required at the beginning phases of the design process. The DfE initiative also hopes to incorporate more Design for Disassembly principles in the future, so that all components can be easily and economically disassembled at end of life.

RECYCLE

Since 95 percent of Cummins products are made of metal, many of its components are inherently recyclable. However, the DfE team is working to promote a circular material flow for all its products.

Improving our product fuel efficiency has always been and will continue to be a key driver for innovation at Cummins. The Design for Environment team recognizes that the Company's biggest environmental impact is the GHGs that Cummins products emit during use. Therefore, a DfE key priority involves reducing the Company's new product fuel consumption.

Additionally, Cummins knows the Company burns a lot of fuel during product development testing. The DfE initiative is focusing on reducing the fuel burned during development testing, where feasible. This includes utilizing more computer simulation

modeling instead of hours of engine testing. The final key initiative of the DfE program is to continue to conduct more and more research on renewable fuels in order to make a significant impact on Cummins' product in-use CO₂ emissions.

In 2015, the Design for Environment team has been working on establishing some environmental targets for both material optimization and fuel economy improvements of the Company's products. The targets will be part of the Cummins Environmental Sustainability Plan and will be released in 2016.

PROHIBITED / RESTRICTED MATERIALS

Cummins employs a comprehensive process to comply with the requirements of section 1502 of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. This process is designed to facilitate the disclosure of the presence and source of tin, tungsten, tantalum, and gold which may be functional elements in products sourced from our suppliers.

It is Cummins policy that all suppliers avoid knowingly sourcing these minerals from uncertified smelters within the "Conflict Region", which includes the Democratic Republic of the Congo and surrounding areas. The intent of this policy is not to ban the sourcing of minerals from the region, but rather promote responsible sourcing from smelters which have been audited and found to be "Conflict Free" by the Conflict Free Smelter Initiative or CFSI.

Cummins suppliers must also certify adherence to a strict code of conduct which prohibits the use of any material or suppliers who support or fund inhumane treatment such as human trafficking, child labor, torture, and war crimes. Furthermore, this code of conduct requires Cummins suppliers to provide safe working conditions for their employees, allow freedom of association and political activity, and prohibits any form of bribery or corruption.

Part of Cummins' mission is to demand that "everything we do leads to a cleaner, healthier, (and) safer environment." In addition to the aforementioned responsible sourcing of materials, this also means designing the Company's products with materials which are not only reliable and durable, but safe for the environment.

Every part purchased or produced by Cummins must comply with a comprehensive prohibited and restricted materials policy. This policy considers the substances prohibited by RoHS, REACH, ELV and other global environmental directives. Not only is this requirement defined on our drawings as Cummins Engineering Standard CES10903, it is also published on our supplier portal at supplier.cummins.com.

Recon Locations



REMANUFACTURING

The 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 so they stay out of landfills longer. In addition, the practice saves energy that would otherwise be used to manufacture new products.

In 2014, more than 50 million pounds of Cummins product were reclaimed to be put back into use thanks to remanufacturing. The Company has become increasingly sophisticated in what it can remanufacture, and for how long it can extend a product’s life, through the common application of salvage technology, component re-use guidelines and remanufacturing-specific policies and procedures.

In fact, remanufactured products today are in many cases “up-cycled” to include design and quality upgrades. Cummins remanufacturing business, or ReCon as it’s called, is part of the New and ReCon Parts function of the Company’s Engine Business. ReCon is today a worldwide business and industry leader.



Returned

Returning core is a simple and environmentally responsible choice as waste is reduced that would otherwise end up in a landfill



Disassembled

Core engines and parts are completely disassembled and processed for use in lasting, reliable equipment repairs



Cleaned

Debris is removed using the latest cleaning technology to ensure no metal is stripped away



Inspected

State-of-the-art equipment and advanced technical processes are used to ensure Cummins stringent standards are met



Restored

Highly trained people, controlled processes and sophisticated equipment are utilized to restore each part and engine back to original factory specifications



Tested

Critical attributes are tested to eliminate slight variances, ensuring superior performance and reliability

- » **2014 Sales**
\$595 million
- » **Percent of an engine that can be remanufactured**
85 percent
- » **GHGs avoided per year**
200 million pounds
- » **Pounds of material reclaimed**
50 million
- » **Number of part numbers offered**
1,000 components and 2,000 engines
- » **Cummins Remanufacturing portfolio**
 - » Engines and long blocks (3.3 to 19 liter) including internal components
 - » Turbochargers
 - » Cylinder heads
 - » Injectors
 - » EGR valves
 - » Connecting rods
 - » Air compressors / accessory drives
 - » Diesel particulate filters, diesel oxidation catalysts
 - » Water pumps / lube pumps
 - » Fuel injection pumps
 - » Electronic Control Modules (ECMs)
 - » Urea dosers

Remanufacturing at a Glance

The numbers behind why it's so good to be green

15,673 Engines Remanufactured in 2014



85% less energy is required



85% of an engine can be reused



Remanufacturing brings products back to original specs or better

POLICY ADVOCACY

Cummins' product stewardship is underpinned by the Company's commitment to regulatory integrity, advocating now for cleaner and more efficient products for the future, and ensuring improvements intended by regulation are delivered in the real world. Cummins has a long history of supporting regulatory actions to make the environment cleaner, going back to the 1970s as a strong advocate for the Clean Air Act in the United States. The Company continues to advocate globally for sound public policy and regulations that are tough, clear and enforceable.

Cummins has been very active in the development of the first-ever greenhouse gas (GHG) and fuel efficiency standards for heavy-duty and medium-duty vehicles in the United States.

The Company was involved for many years – forming a stakeholder group with other companies in the industry, writing a regulatory framework white paper, supporting the rule publicly when it was proposed and providing extensive feedback during the comment period. The rule was finalized in August 2011 with new standards that take effect for engines and vehicles starting in 2014.

The Company is now working with regulators to build on the success of Phase 1 GHG and fuel efficiency standards to help shape the next stage known as Phase 2. A key aspect for Phase 2 is to maintain the same regulatory structure with separate standards for the engine and the rest of the vehicle. Separate standards are critical for the regulation to achieve environmental and user benefits while recognizing the diversity and

complexity of the commercial vehicle sector.

Cummins participates in the Global Commercial Vehicle industry forum, a group comprised of European, North American and Japanese manufacturers of heavy-duty vehicles and engines. Cummins is also becoming more involved in GHG and fuel efficiency regulatory development in Europe, China and other regions of the world.

In fact, Cummins has dedicated resources to focus specifically on the policies involving GHG and fuel efficiency regulations to help better coordinate the Company's global activities in developing responsible regulations that promote technologies for more efficient products with lower GHG. Cummins also hosts governmental delegations as well as non-governmental organizations at its

headquarters in Indiana to learn more about GHG and fuel efficiency standards.

Cummins supports technological innovation that can benefit vehicle owners and the environment. Cummins supports a separate engine standard in these regulations to provide clear direction for this innovation, addresses the component that burns all the fuel and emits the CO₂ and ensures enforceable requirements. A regulatory framework that includes a combination of engine and vehicle standards is the most cost effective way for customers to realize fuel savings and retain their ability to choose the right powertrain and vehicle to purchase in order to do their work.

MATERIAL ISSUE: ENVIRONMENTAL PRODUCT INNOVATION

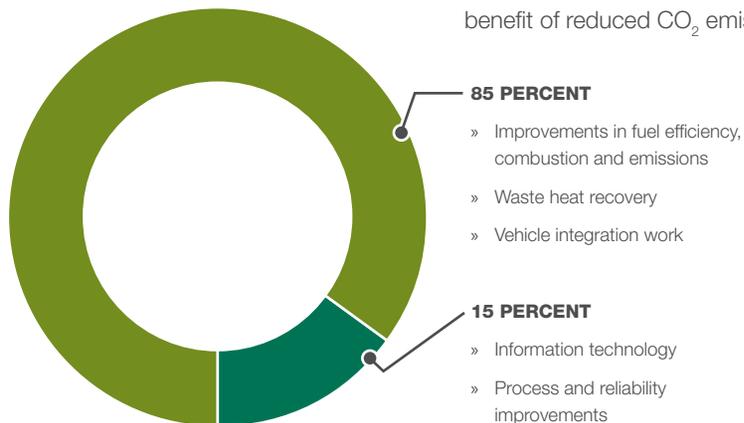
Key performance indicator

CUMMINS' INVESTMENT IN RESEARCH & DEVELOPMENT

YEAR	FUNDING
2009	\$362 million
2010	\$414 million
2011	\$629 million
2012	\$728 million
2013	\$713 million
2014	\$754 million

The Company's technology leadership and innovation enable Cummins to meet increasingly more stringent emissions regulations across the globe. The Company's customers have come to depend on Cummins' clean technology for the power and reliability they need to succeed, whatever the job. As product emissions from criteria pollutants near zero, Cummins' focus on new product development and current product optimization is almost entirely about fuel efficiency (see chart on research and technology spending), which in turn has the environmental benefit of reduced CO₂ emissions.

Research & Technology Spending



Cummins had another good year bringing new products to market in 2014. The Company introduced more than 60 products or product updates, many addressing emissions, fuel efficiency or both.

The Company has a distinct advantage when it comes to designing and building clean, fuel-efficient engines and generators that provide the power customers need to succeed while meeting the regulations applicable in any particular market.

Cummins is the only independent engine manufacturer with the in house capability to produce all of the critical subsystems required to build an engine or generator. The Company believes its technical expertise gives it a competitive advantage as more countries enact stricter regulations to protect their air, land and water. The Company recognizes that its products must deliver real economic benefits to Cummins' customers, including not just the performance customers have come to depend upon but also reliability, durability and low cost of ownership, too.

Cummins 2014-2015 Sustainability Progress Report contains some of the major environmental sustainability developments in Cummins products over the past year, organized by business segment. These developments can be found on pages 18-23 and 30-44. The update on the Company's SuperTruck program can be found on page 72 in the Progress Report.

Cummins issued a [press release](#) at the 2015 Mid-America Trucking Show detailing some of its new developments in fuel efficiency.

For further information, consult the Company's product specific websites.

Engine business website:
cumminsengines.com

Cummins Westport website:
www.cumminswestport.com

Filtration business website:
www.cumminsfiltration.com

Power Generation Sustainability website:
www.cumminspowerdocs.com/climate/climate-landing.html

MATERIAL ISSUE: LOGISTICS (INTERNAL SUPPLY CHAIN)

Priority areas:

Logistics

Key performance indicator:

Environmental Sustainability Goal

Use most efficient method and mode to move goods across the Cummins network to reduce carbon dioxide per kilogram of goods moved by 10 percent by 2020.

Scope

Inefficient routes and modes of transportation are the largest sources of environmental impact from logistics. Sophisticated information systems will help to optimize vehicle use, route selection and use of space. Cummins will use its Transportation Management System (TMS) to aid in both immediate and long-term decisions that optimize cost, speed and reduce environmental impact. The TMS will ensure transportation networks use the best

mode and minimize mileage to reduce CO₂ while meeting customer needs.

The main focus of Cummins' goal is shipments from suppliers to Cummins facilities and shipments between Cummins own facilities, as our own business units are suppliers to each other. This is a global initiative that will focus on all shipments that are arranged and paid for by Cummins business units. Supplier routed and managed shipments, which have the transportation costs built into the piece part price, are not in scope of this goal. Joint Venture (JV) locations and shipments will also be out of scope, since they are not required to follow the Cummins transportation guidelines.

Rationale

Transportation is a key element of the logistics process that impacts the supply chain from suppliers

to customers. Transforming how Cummins moves raw materials and finished goods across the supply chain is at the core of the Company's transportation, logistics and warehouse strategy and one of 12 transformational activities in Cummins' supply chain journey.

Furthermore, transportation improvement is vital to the Company's global environmental sustainability plan. The key element to this transformation is the implementation of the Transportation Management System. This systems gives Cummins' logistics teams the global visibility to its transportation network that is not currently possible. The system will allow Cummins to reduce the total number of miles goods travel by combining shipments of different products going to common locations,

reducing the total number of the movements it currently takes to move goods throughout the supply chain. Lastly, the system allows Cummins to accurately measure CO₂ output from all of its shipments and create metrics to report on their status.

Goal development

Cummins' program to reduce the amount of miles traveled and to optimize freight has been the focus of the Cummins logistics teams for several years. However, in 2011 the Corporate Supply Chain Logistics team was formed to begin redesigning the entire Cummins transportation network. Cummins is taking a phased-in implementation approach, which began as a pilot in North America in 2014 followed by a European launch in June 2015, with India integration occurring in the third quarter of 2015.

Working with carriers in India, Brazil and Asia-Pacific is a priority because those are regions where the Company can achieve the biggest CO₂ reductions. When the program is first launched in a region, Cummins will quickly see CO₂ reductions. However, remaining reductions will take longer to achieve. This is due to process changes, packaging improvements, and mode changes that must occur. These changes require coordination between other supply chain functions and take longer to implement.

Assumptions

- » North American transportation CO₂ emissions were used as the basis for determining the global baseline and goal
- » All suppliers and sites use the new transportation system

MATERIAL ISSUE: FACILITIES AND OPERATIONS

Priority areas

Facilities and Operations

Key performance indicator

Environmental Sustainability Goals in energy, water and waste

Energy goal

Optimize equipment, infrastructure and management methods across Cummins to reduce energy consumption by 25 percent and greenhouse gas emissions by 27 percent from 2005 to 2015 (normalized by revenue).

Scope

The energy and greenhouse gas (GHG) goal scope includes all global Cummins consolidated facilities and operations. All energy forms are included (electricity, natural gas, diesel fuel, propane, etc.) and renewable sources (wind, solar, biomass, etc.). GHG emissions are limited to direct emissions from Cummins sites and indirect emissions from offsite generation of electricity.

Rationale

Anthropogenic GHG emissions are largely responsible for recent climate change. Reducing Cummins' impact on the climate aligns with the Company's mission and values, reduces long-term business risk, and is desired by external and internal stakeholders. Reducing energy consumption reduces the Company's impact on climate, air quality, and resource depletion.

Conserving energy also reduces operating costs and regulatory exposure. In 2014, total energy cost for Cummins was approximately \$150 million. Regulatory pressure is increasing in many parts of the world; examples include the European Energy Efficiency Directive (requiring site energy audits) and the U.K. CRC Energy Efficiency Scheme (2014 cost for Cummins was \$740,161).

Cummins estimates that its energy efficiency efforts save approximately \$40 million per year.

Goal development

Cummins' program to reduce energy and GHGs began in 2006, when a reduction goal was established through the U.S. EPA Climate Leaders program. Unconsolidated sites were excluded due to an inconsistent level of JV engagement at that time, the difficulty in apportioning JV revenue, and the lack of direct funding control for capital improvements.

The goal was normalized to sales to accommodate Cummins growth. Cummins exceeded the goal with significant contribution from energy efficiency capital projects that yielded a nearly 50 percent aggregate rate of return. The Company subsequently committed to a 25 percent energy reduction goal through the U.S. Department of Energy, over a 2005-2015 timeframe.

This goal was also normalized to sales and excluded JVs, to maintain consistency with the original goal.

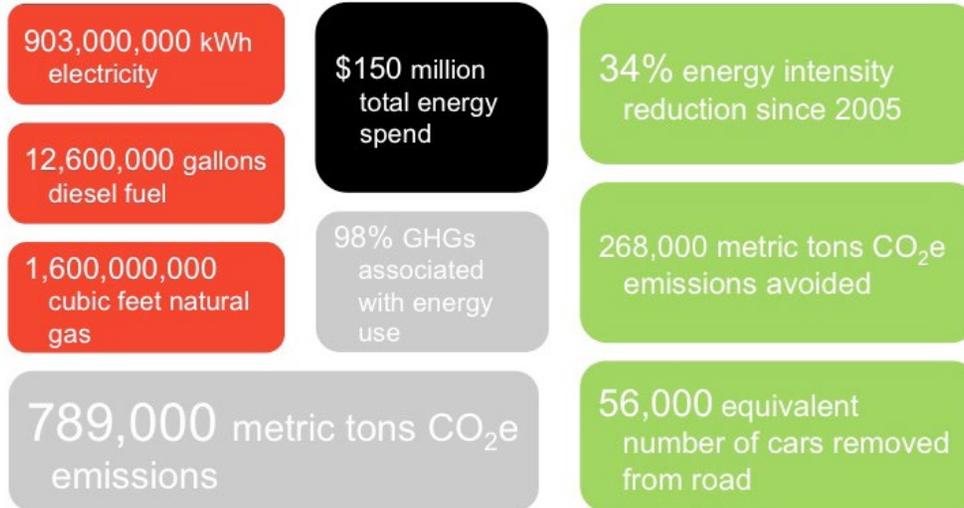
This plan focused on four key areas:

- » Existing facilities & equipment
- » Test operations
- » Efficient new construction
- » Energy management (Energy Champions and ISO 50001).

Cummins' footprint measurement systems and energy efficiency programs, including ISO 50001, have positioned the Company to comply with developing legislative requirements. Experience has shown that normalizing by revenue is problematic, as performance is heavily influenced by market impacts beyond the control of our operations.

Our future 2020 goals will include JVs and will normalize by labor hours to avoid these issues. Energy baselines and tracking follow U.S. Department of Energy guidance, and GHG data follows World Resources Institute's GHG Protocol.

2014 Footprint – Global Operations



Water goal:

Reduce water use across Cummins by 33 percent (normalized by hours worked) from 2010 to 2020.

Scope

The water use goal scope includes all global Cummins facilities and operations, including unconsolidated sites.

Rationale

Current estimates indicate that global water demand will outpace supply by 40 percent as of 2030. The greatest challenges are occurring in developing nations that overlap Cummins’ growth markets. As water scarcity (and availability) continues to mount as a global crisis, Cummins is continuing to advance its efforts to conserve water use in the Company’s operations. Cummins recognize that reducing its dependency on water also contributes to reduction of business continuity risk to the Company’s operations. Conserving water in Cummins facilities aligns with the Company’s mission and values, reduces business risk, and is desired by external and internal stakeholders.

Goal development

The water use goal is normalized to account for Cummins growth, using labor as the normalizing factor for a variety of reasons. Using sales is not a good approach since economic fluctuations often have a greater influence than water use. A production normalizing approach has value, but the diversity of products makes it problematic. The reduction target was developed based upon planned water use reductions across Cummins, derived from Six Sigma analysis and water audits conducted at over 20 major sites and normalized across 2012 labor levels.

Water goal:

Achieve water neutrality at 15 Cummins manufacturing sites in regions where water is in short supply by 2020.

Scope

Water neutrality sites must be located in regions with physical water scarcity or limited access to clean water. Neutrality will be achieved when 100 percent of site water use is offset by efforts to improve local efficiencies and/or make water available to communities near Cummins facilities. The list of water scarce regions will remain dynamic and may change in response to drought conditions. While the Company encourages all sites to pursue water neutrality, only sites with base water use over 1 million gallons per year will be counted towards the neutrality goal.

Rationale

Cummins understands that as a big part of the communities where the Company operates, water stewardship is part of a license to operate. Water has been an integral part of Cummins’ corporate responsibility focus.

Recognizing this connection, Cummins adopted a Water Stewardship Roadmap that pairs goals in its facilities with goals for engaging in communities. Conserving water in facilities and communities aligns with Cummins’ mission and values, reduces business risk, and is desired by external and internal stakeholders.

Goal development

The water neutrality goal represents approximately 50 percent of manufacturing sites in countries where a large portion of the country is classified as water scarce. The concept behind water neutrality is to offset site water use with community improvements that either make water available or conserve resources.

WATER NEUTRALITY PROCESS AND CRITERIA

- » A site has achieved "Water Neutrality" when it has successfully off-set 100 percent of its water consumption within the community and has done so in a manner that is:
 - Consistent with the water management hierarchy
 - Reasonable efforts have been made to move each process water user as far up on the hierarchy as is practicable
 - Legitimate, ethical, and consistent with Cummins' Environmental Policy
 - Consistent with commonly accepted industry practices
 - Compliant with applicable regulatory requirements
 - Protective of the environment and the communities where the Company resides
- » In order for a site to be recognized as a "Water Neutral" site, it must meet the following criteria:
 - Using the Water Neutrality Calculator, demonstrate provision of 100 percent Community Off-Set for the total facility water consumption over a calendar year.
 - Successful completion of "Water Neutral" validation review
 - Validated as "Water Neutral" on an annual basis to maintain neutrality
 - Reasonable efforts have been made to move each process water user as far up on the hierarchy as is practicable
- » In order for a site to be included as one of the 15 sites that meet the Cummins 2020 goal as a "Water Neutral" site, it must meet the following criteria:
 - Using the Water Neutrality Calculator, demonstrate provision of 100 percent Community Off-Set for the total facility water consumption over the 2020 Calendar Year.
 - Successful completion of "Water Neutral" validation review
 - Reasonable efforts have been made to move each process water user as far up on the hierarchy as is practicable
 - Site must be in a water scarce region (Mexico, China, India, Africa, Brazil)
 - Site has base water consumption in excess of 1 million gallons per year
 - Plan established to maintain water neutrality

Waste goal:

Increase recycling rate from 89 percent in 2014 to 95 percent by 2020; and obtain zero disposal status at 30 sites by 2020 where 100 percent of waste is reused or recycled in a useful manner.

Scope

The recycling rate goal scope includes all global Cummins facilities and operations, including unconsolidated sites. While Cummins encourages zero disposal at all sites, only manufacturing sites, tech centers, and warehouses over 100,000 sq. ft. are in scope for the zero disposal goal.

Rationale

Waste generation is an indicator of inefficiencies that exist within Cummins' operations. Due to increasing global population, the unsustainable and inefficient consumption of natural resources, the mismanagement of waste materials and the resulting environmental impacts, the Company must change its mindset and behavior. It is important that Cummins pursues a closed loop model, where byproducts from its operations are not considered a waste,

but instead, a residual resource that has value and can be recirculated back into the economic cycle. Reducing waste disposal aligns with Cummins' mission and values, reduces business risk, and is desired by external and internal stakeholders.

Goal development

The 2020 waste goals were developed through peer and industry benchmarking, in-depth consultations at key sites, and to effectively position Cummins as a leader among its industry peers. Collectively, metal scrap and packaging waste represents approximately 79 percent of all waste generated by Cummins and the vast majority of waste reduction opportunities exist in modifying upstream choices. Almost all metal is currently recycled (due to global availability and market value of metal recycling), whereas packaging waste represents the biggest opportunity for further recycling and diversion from the landfill. Specific zero-disposal criteria have been established, and site programs must be validated against these criteria prior to designation.

ZERO DISPOSAL PROCESS AND CRITERIA

- » A site has achieved "Zero Disposal" when it has successfully recycled 100 percent of its waste and has done so in a manner that is:
 - Consistent with the waste management hierarchy
 - Reasonable efforts have been made to move each waste as far up on the hierarchy as is practicable
 - Legitimate, ethical, and consistent with Cummins' Environmental Policy
 - Consistent with commonly accepted industry practices
 - Compliant with applicable regulatory requirements
 - Protective of the environment and the communities where we reside
- » In order for a site to be recognized as a "Zero Disposal" site, it must meet four criteria:
 - Four consecutive quarters of 100 percent recycling
 - Successful completion of "Zero Disposal" validation review
 - If a previously validated "Zero Disposal" site disposes of waste that is not exempted, it must achieve 100 percent recycling for two consecutive quarters before it can again be recognized as such
 - Validated as "Zero Disposal" on an annual basis
- » In some circumstances, the reuse or recycling of waste is not viable due to the nature of the waste, the local regulatory framework, the lack of a recycling infrastructure or a post consumer market. Therefore, some types of waste are exempted from the program criteria:
 - Medical Waste
 - Episodic or non-process related waste, such as construction debris
 - Only applies if reasonable efforts have been made to reuse/recycle the waste and disposal is the only available option
 - Pre-existing soil contamination that was not a result of Cummins' activities
 - Treatment, Storage & Disposal Facility residuals generated during the recovery/recycling of waste
 - Industrial and sanitary wastewater
 - Predominately water, which is treated on site or at a community wastewater treatment plant before being discharged to the environment

CUMMINS HEALTH, SAFETY AND ENVIRONMENTAL POLICY

Cummins mission demands that everything we do leads to a cleaner, healthier and safer environment.

To fulfill this mission, we must achieve performance greater than what the applicable compliance requirements and standards demand of our operations for health, safety and environment.

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

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

Cummins has implemented the Enterprise Health, Safety and Environmental Management System

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

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

- » Cummins will set substantial and measurable objectives in managing health, safety and the environment and commit to continual improvement in these areas.
- » We will identify and pursue opportunities to use our talents and capabilities to improve the environment and quality of life in the communities where we operate.

- » We will continue to implement management programs developed to ensure that our products, services and activities always comply with applicable laws and other requirements established to protect health, safety and the environment.
- » We will continually work to reduce our emissions and discharges to air, land and water; the amount of waste we generate; and the amount of natural resources that we use, including water, energy and raw materials.
- » We will systemically assess operations that have the potential to harm people or impact the environment and aggressively work towards risk elimination.
- » We will evaluate the machinery, equipment, products and services we use, preferring those with the best possible health, safety and environmental performance.

- » We will be transparent in our efforts to improve health, safety, and environment by reporting details of our performance to the public; and
- » We will periodically review and communicate our progress toward our objectives.

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

This Policy will be reviewed and communicated to all persons working for or on behalf of our company at least annually and is available at cummins.com.

N. Thomas Linebarger

Chairman & CEO

May 7, 2015

HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT SYSTEM

Cummins Enterprise Environmental Management System (EMS) ensures a common approach to implementing the Company's environmental standards at its sites worldwide.

Cummins Corporate Environmental Management group developed an Environmental Management System (EMS) in 2003 that conforms to and goes beyond the ISO 14001 Environmental Standards. Since that time, the system has served as the framework for driving continual improvement and efforts beyond compliance at Cummins operations around the world.

Cummins adopted an innovative model, deploying a common framework to ensure a similar look, feel and fundamental approach throughout the organization, with flexibility to allow individual sites and businesses to address opportunities and risks most important to them.

Through the EMS, the Company sets and cascades key environmental

improvement objectives, monitors environmental performance and provides a framework for continual environmental improvement.

There are more than 30 separately documented environmental procedures related to this environmental policy. To complement Cummins corporate policy, each year business units develop specific targets and objectives reflecting the issues that are most relevant to their operations. Corporate also develops additional objectives and targets that apply to all our facilities globally.

When the EMS was founded in 2003, the following overarching corporate level objectives were established:

- » Environmental Management System Development and Implementation
- » Environmental Continual Improvement
- » Reduction of GHG emissions
- » Reduction of Waste

- » Resource Conservation and Pollution Prevention
- » Environmental Performance Reporting
- » Promotion and Recognition of Functional Excellence
- » Environmental Stewardship Program Participation

The EMS applies to our global operations, including our subsidiaries and joint ventures in which Cummins has controlling interest or management responsibility. Although the EMS policies and procedures do not encompass our joint ventures by definition, a substantive majority of Cummins manufacturing JVs have adopted Cummins EMS and therefore their conformance with Cummins policies is mandatory. Additionally, Cummins Distribution Business, involved in product sales and service, is adopting the company EMS and third party certification with

an objective to get all sites certified by end of 2015.

The EMS requirements encompass all aspects of environment.

Cummins has incorporated the ISO 14001 and ISO 50001 international environmental and energy management standards into the EMS to leverage its strengths in management systems, deliver a common global approach and make energy efficiency standard practice across the Enterprise. At the Global level, three sites obtained the ISO 50001 certification in 2013 and 8 sites worked on their ISO 50001 implementation in 2014, with a certification target for 2015. We have taken a multi-site "enterprise" approach to registration to the ISO 14001 Standard as opposed to a customary individual site registration. This common, global management system realizes significant benefits in setting minimum standards for environmental improvement worldwide

irrespective of country legislative requirements. The systems allows us the ease of developing an EMS at a site with a common framework, for centralized management performance reviews with communication and feedback loops from the sites to the Business Units and finally to Corporate. Therefore data analysis is facilitated at all levels of the company.

The multi-site enterprise approach also results in significant cost avoidance savings which at the end of 2014 totaled more than \$5.1 million.

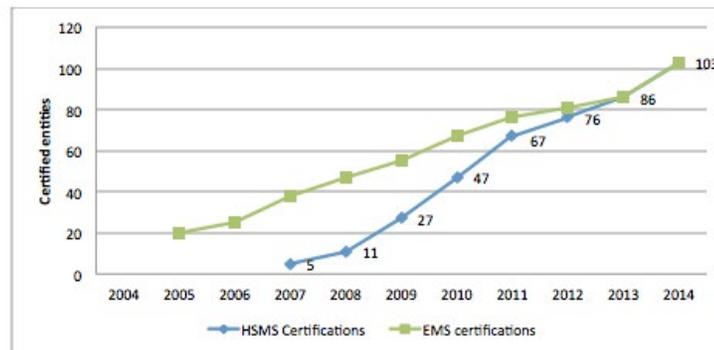
Driven to continually improve, consistent with Cummins' Vision, Mission and HSE Policy, Cummins Enterprise sites have delivered reductions in the company's operational environmental footprint in areas most important to the company, including air emissions, waste generation and disposal, water conservation and pollution prevention. Recognizing common areas of work and a growing number of personnel skilled in both functions, Cummins integrated the Health and

Safety processes and procedures with Environment conformant to the OHSAS Safety Management Standard Integration with the EMS allowed rapid growth of the Safety System, leveraging Cummins mature management systems and global footprint.

Even smaller and low risk sites, such as office buildings and small parts distribution centers, while not included in the HSEMS scope, benefit from the tools, resources and culture instilled within the organization through the system's global deployment.

At the end of 2014, 103 Entities representing 291 sites were HSMS and/or EMS certified:

Cummins HSEMS Enterprise Growth



OBJECTIVES AND TARGETS

The HSEMS uses a structured program of setting objectives and targets to drive continual improvement at our sites.

Broad objectives and targets are set at the corporate level to establish direction for critical corporate initiatives. Cummins' 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.

As the Company's HSEMS continues to mature, Cummins has aligned its efforts along key resource areas including greenhouse gases, water and waste. These focus areas drive specific activities related to each resource area.

Cummins has committed to registration of all in-scope locations by an independent third-party auditor. In-scope sites are those including manufacturing and other locations as determined by potential environmental impact and operational complexity and exclude office buildings and smaller parts distribution centers.

However implementing an EMS was also encouraged at non-manufacturing facilities in 2014. A significant proportion of new registrations is made up from these types of facilities that are embracing the systems approach and implementing environmental objectives and targets appropriate for their operations around energy, waste minimization and water conservation. Among the 291 Sites included in the HSE Enterprise, 208 of them are DBU Sites.

We are also aggressive about new facilities implementing and registering an EMS and have set a goal that they must have a registered EMS before the end of their second year of operation. In 2014, we had two new sites that

implemented an EMS to the Cummins HSE standards.

Cummins uses a centralized, global data collection system to measure performance and to analyze data and trend analysis.

AUDITING

Cummins has a strong commitment to environmental auditing. Cummins has committed to certifying to ISO 14001 for all operational locations and other locations as determined by potential environmental impact; office buildings and smaller parts distribution centers are excluded. By the end of 2014, our independent auditor certified 103 Entities, representing 291 sites and corporate as part of the Enterprise Health, Safety and Environmental Management System (HSEMS). Cummins HSEMS scope has been extended widely to encompass manufacturing joint ventures and now includes our distributors, which are committed to registration their sites by the end of 2015.

Our ISO 14001 registered sites are audited and verified by three parties: Registrar third party certifiers / verifiers, internal / corporate / business unit auditors and consultants / contractors. Cummins (EMS) includes a requirement to conduct audits, at least annually, of regulatory compliance and conformance to the ISO 14001 standard and the overall requirements of the EMS.

AUDITOR CERTIFICATION PROGRAM

Environmental goals are measured through a structured audit process. A third party auditor, Bureau Veritas Certification (BVC), certifies our enterprise HSE management system and the environmental metrics we collect. Cummins supplements the audit sampling conducted by BVC by conducting annual audits using internally trained HSE auditors. Every site is audited on an annual basis.

Additionally, Cummins has developed an internal environmental auditor certification process. Trainees are first given a 40-hour lead auditor course. Following the training, the candidates are engaged as audit team members for two audits and as a lead auditor for a third, under supervision of the company environmental leaders. In 2014, we have trained more than 60 persons and have now a pool of 96 HSE leaders certified as HSE Lead auditors. This structured audit program validates performance and provides a mechanism for HSE auditors to share best practices. Through these practices, Cummins is not only improving sites – it is building our next generation of HSE leaders.

This initiative has strengthened subject matter expertise, by exposing audit trainees to other business unit's best practices and environmental technologies, it has also reduced our dependence on contractors. Certified lead auditors are recognized annually at the Cummins HSE Awards event.

Since 2011, Bureau Veritas (BV) audited Cummins' environmental footprint and our data collection and verification processes. BV's audit included GHGs, water used, landfilled waste and recycled materials for 2010-2013 the time period also included in our sustainability report. They provided an audit report providing "limited independent assurance," which we included as part of our 2012, 2013 and 2014 Carbon Disclosure Project submissions.

Two of Cummins key sustainability stakeholders, notably the Carbon Disclosure Project and Dow Jones Sustainability Index, consider independent data verification an important factor in their evaluation of our environmental performance and transparency. Cummins believes the audit validates our considerable efforts at data quality, placing the Company among a relatively small number that pursue this level of performance and validation.

MAINTAINING TRANSPARENCY

Cummins tries to be as transparent as possible about its environmental record. While the Company's overall record is very good, it has been involved over the past few years in a handful of incidents resulting in fines or penalties. Here's a look at the most significant cases:

JAMESTOWN ENGINE PLANT

On July 11, 2014, the Cummins Jamestown Engine Plant voluntarily disclosed to the EPA violations under the agency's Audit Policy, a self-policing guideline. This disclosure regarded the plant's failure to submit timely Toxic Release Inventory Form R reports for zinc compounds and certain glycol ethers for calendar years 2010, 2011, 2012 and sec-butyl alcohol for 2012. These omissions were discovered internally during a yearly review. The plant notified corporate counsel and conducted

an extensive review of prior Form R submissions, ultimately self-disclosing on the three omitted compounds as stated above.

After a full review of Cummins' voluntary disclosure documentation, the EPA agreed to a 75 percent mitigation of penalties under the Audit Policy guidelines. A Consent Agreement and Final Order (CAFO) for the sum of \$42,150 was issued as settlement. Cummins Inc. accepted the CAFO and the document was fully executed on May 11, 2015.

CHONGQING SPILL

The Chongqing Cummins Engine Co. Ltd. (CCEC) in Chongqing, China, released an estimated 3,000 to 3,500 gallons of untreated wastewater into the Fenghuang Xi stream in March 2012. Upon discovering the release from a wastewater treatment tank, plant officials immediately closed a valve that was identified as the source, plugged rainwater outfalls at each transfer station on the site with cement and cleaned up the spill.

The Company will pay about a \$30,000 fine in addition to cleanup and restoration costs. While the pathway associated with the wastewater treatment system has been effectively eliminated, Cummins has increased training at the site to ensure personnel in key roles understand the plant's potential environmental impact and how to avoid problems.

SEYMOUR PERMIT

Cummins announced in October 2012 that it paid an \$11,250 fine to the state of Indiana because of the technical non-conformance of a new air-handling unit and other equipment at the Company's Seymour (Ind.) Engine Plant. The equipment installed at the plant as part of a \$219 million expansion did not precisely conform to what was described in the Company's air permit request. Upon discovery of the discrepancy, Cummins notified the Indiana Department of Environmental Management to inform the agency of the issue as well as the measures taken to avoid reoccurrence of the problem. Those measures included broadening the site's environmental leadership team. Cummins has also obtained the proper permits for the equipment.

	2011	2012	2013	2014
Number of violations of legal obligations/regulations	0	2	0	1
Amount of fines/penalties related to above	0	\$41,250	0	\$42,150
Environmental liability accrued at year end	0	\$41,250	0	\$42,150

A violation occurs when an authorized body determines that a law, regulation, code, etc. related to environmental or ecological issues has been breached, and the fine or penalty is over \$10,000. The chart above refers only to Cummins facilities. This definition is essentially in line with the GRI G4 Sustainability Reporting Guidelines definition of environmental laws and regulations. Refers to regulations related to all types of environmental issues (that is, emissions, effluents, and waste, as well as material use, energy, water, and biodiversity) applicable to the organization.

EMPLOYEE ENGAGEMENT

Cummins employees are also very actively engaged at home, at work and in the community. For the sixth year in a row, Cummins employees demonstrated their passion for the environment through the Company's Environmental Challenge.

More than 13,500 employees working on 62 teams in 17 countries removed an estimated 22,370 tons of greenhouse gas (GHGs). Employees donated more than 63,000 hours and planted more than 82,000 trees. About 55 percent of the Challenge projects had at least some educational component, reaching more than 250,000 children and adults.

2015 marks the second annual June Environmental Month, a company-wide celebration of environmental stewardship.

In 2014, more than 10,000 employees took part in hand-on activities, environmental "find it, fix it" or educational opportunities. Cummins employees engage in their local communities by serving on boards, completing environmental projects that are part of the Community Involvement Team work and engaging in educational opportunities through projects and presentations at schools and other community partners.

Cummins also has trained a broad network of Energy Champions

who coach and mentor site Energy Leaders to find and implement, through a process called an energy treasure hunt, low and no-cost energy projects that also save money for their sites. Labels on plant equipment make energy use and cost visible and empower employees to turn off equipment when not in use when appropriate. To date, the Company now has over 240 trained Energy Champions at over 40 sites in the Brazil, China, Germany, India, Mexico, Romania, the U.K. and the U.S.

SUPPLIER ENGAGEMENT

Cummins is working on developing its supplier engagement strategy and expect to announce progress within the next year. The Company is exploring such elements as environmental requirements in purchasing decisions, partnering with industry peer working group to develop supply base “soft goals” for the heavy equipment industry and an improved process for environmental risk mitigation in the supply base.

SUPPLIER CODE OF CONDUCT

The Cummins Supplier Code of Conduct outlines the Company's expectations that all suppliers comply with certain business and ethical standards and to the laws of their respective countries, all other applicable laws, rules and regulations.

The code applies to all businesses that produce goods or provide services for Cummins and any of its subsidiaries, Joint Ventures, divisions or affiliates.

The Supplier Code of Conduct covers equal employment opportunity and treatment of others, the environment, forced and child labor, wages and hours, working conditions, freedom

of association, political activity and bribery/corruption of government officials. Compliance with the principles of the Cummins Supplier Code of Conduct is required to do business with Cummins.

Read the Supplier Code of Conduct at supplier.cummins.com.

ENVIRONMENTAL REPORTING

EXTERNAL REPORTING

Climate change disclosure

Cummins has participated in the CDP, formerly known as the Carbon Disclosure Project, since 2006. CDP holds the largest collection globally of self-reported climate change, water and forest-risk data, which their signatories of 822 institutional investors representing \$95 trillion in assets use to assess climate change opportunities and risks of the companies in their investment portfolios.

It was launched more than 10 years ago to accelerate solutions to climate change and water management by

putting relevant information at the heart of business, policy and investment decisions.

CDP asks companies to provide details on their carbon emissions, their response to the impact of climate change on their markets and regulatory environment, their use of energy and planning for the future.

[***Click here to read Cummins' 2014 energy response.***](#)

Water disclosure

Similarly, Cummins has participated in CDP water for the past three years.

[***Click here to read Cummins' 2014 water response.***](#)

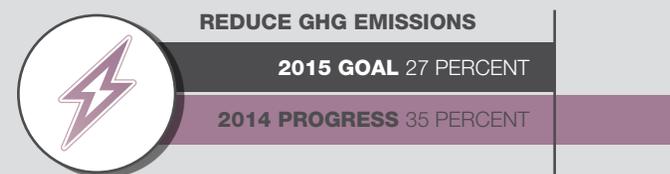
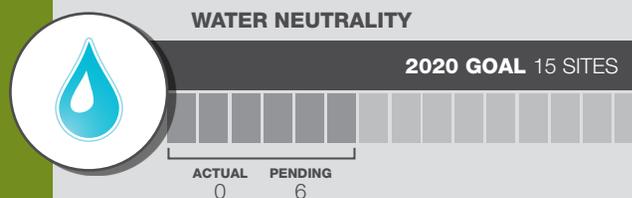
INTERNAL GOAL TRACKING

A key measure in Cummins' Global Environmental Sustainability Plan is a commitment to transparency and accountability. Environmental goals are now incorporated into the Quarterly Scorecard for the Cummins Leadership Team's review. The scorecard will show progress toward the facilities and operations waste, water, energy, and greenhouse gas goals, products in-use goal and logistics goal. In each of these areas, the scorecard will show progress on the enterprise-wide goals and the progress toward the goal apportioned by each business unit and some area business organizations (regional or country focused.)

ENVIRONMENTAL GOAL PROGRESS

Cummins' water and waste facility goals have a goal year of 2020, while the energy and GHG goals are set to be met in 2015.

The charts to the right show the Company's goal progress visually, while the data table below gives more detail.



Sites that are pending validation are not yet confirmed to have met the goal, but have enough data and evidence to support the commencement or continuation of the validation process. Sites pending validation are not necessarily guaranteed to qualify as "actual" once the validation process is complete.

ENVIRONMENTAL PERFORMANCE

Includes all consolidated operations and joint ventures subscribing to Cummins' Enterprise Environmental Management System.

Environmental Performance	2010	2011	2012	2013	2014
Energy consumption (thousands of MMBtu) ¹	11,847	12,263	11,711	12,077	12,746
GHG emissions (thousands of metric tons CO ₂ e)	760	783	729	750	788
Generated waste (thousands of metric tons)	171	188	179	177	183
Disposed waste (thousands of metric tons)	22	25	21	20	18
Recycled waste (thousands of metric tons)	149	164	158	157	165
Recycling rate (%)	87	87	88	89	90
U.S. hazardous waste (metric tons)	98	101	104	85	92
Water use (millions of gallons)	1,135	1,083	1,069	958	972
Number of Enterprise ISO 14001 certified entities	67	76	81	86	102
Number of Enterprise ISO 14001 certified manufacturing sites	53	55	63	67	71
Net sales (millions U.S. dollars)	13,226	18,048	17,334	17,301	19,221
Energy intensity reduction since 2005 (%) ^{2,3}	16	35	33	30	34
GHG intensity reduction since 2005 (%) ^{2,3}	16	36	35	33	35
Water intensity reduction since 2010 (%) ²	0	21	22	30	36

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

WHAT IS THE IMPACT?

Since 2010, Cummins substantially reduced facility water and waste, adjusted for hours worked, and GHG emissions, adjusted for sales.

The Company avoided impacts equivalent to these real-life examples.



Emissions equal to taking **46,700 passenger cars** off the road annually



Water for drinking, sanitation and hygiene for **284,000 people** for a year



3,500 garbage trucks full of waste

ENERGY AND GHG

Energy use by facility type

in millions of British thermal units

Facility type	Electricity*	Diesel	Natural gas	Other fuels
Manufacturing - Heavy	4,931,252	970,398	808,611	83,187
Manufacturing - Light	2,217,688	92,115	363,379	29,817
Test / Research & development	677,920	616,403	220,865	10,230
Distribution / Services	554,561	39,136	146,507	6,195
Warehouses	397,606	10,931	72,149	1,335
Offices / Data centers	461,582	2,914	34,645	6

*Includes generation, transmission & distribution losses

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	2010	2011	2012	2013	2014
Diesel	772,213	814,036	810,555	876,001	953,236
Natural gas	1,005,109	997,172	934,413	1,152,396	1,209,529
Other fuels*	13,596	14,592	12,913	13,068	56,771
Purchased electricity**	4,769,821	4,930,122	4,845,711	4,929,864	5,227,289
U.S. total energy	6,560,740	6,755,922	6,603,593	6,942,447	7,446,824

Non-U.S.	2010	2011	2012	2013	2014
Diesel	871,553	870,350	833,120	772,173	778,660
Natural gas	472,441	476,226	418,810	438,553	436,627
Other fuels*	142,740	140,839	97,121	96,540	74,000
Purchased electricity**	3,799,612	4,019,187	3,758,164	3,817,364	4,013,320
Non-U.S. total energy	5,286,347	5,506,602	5,107,215	5,126,667	5,302,607
Total primary energy usage	11,847,086	12,262,524	11,710,808	12,069,114	12,749,431

* Other fuels include propane/LPG, gasoline, purchased steam and hot water.

** Primary energy from purchased electricity considers a factor of 3 to account for generation, transmission and distribution losses.

ENERGY AND GHG (CONTINUED)

Direct and indirect energy and emissions

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

Direct Air Emissions	2010	2011	2012	2013	2014
Nox (Metric Tons)	3,476	3,557	3,460	3,515	3,695
CO (Metric Tons)	764	781	759	774	813
PM 10 (Metric Tons)	236	242	236	238	251
Direct (Gigajoules)					
Diesel	1,734,115	1,776,965	1,734,016	1,748,156	1,837,744
Natural Gas	1,566,395	1,561,441	1,432,746	1,680,513	1,741,722
Propane	48,258	57,875	46,747	39,699	78,119
Indirect					
Electricity (Gigajoules)	3,018,591	3,151,292	3,029,095	3,070,382	3,250,833
Electricity (Kwh)	838,497,569	875,358,771	841,415,179	852,883,970	903,009,288

Direct and indirect emissions

(Facilities + power solutions business + mobile sources) Metric tons CO₂e

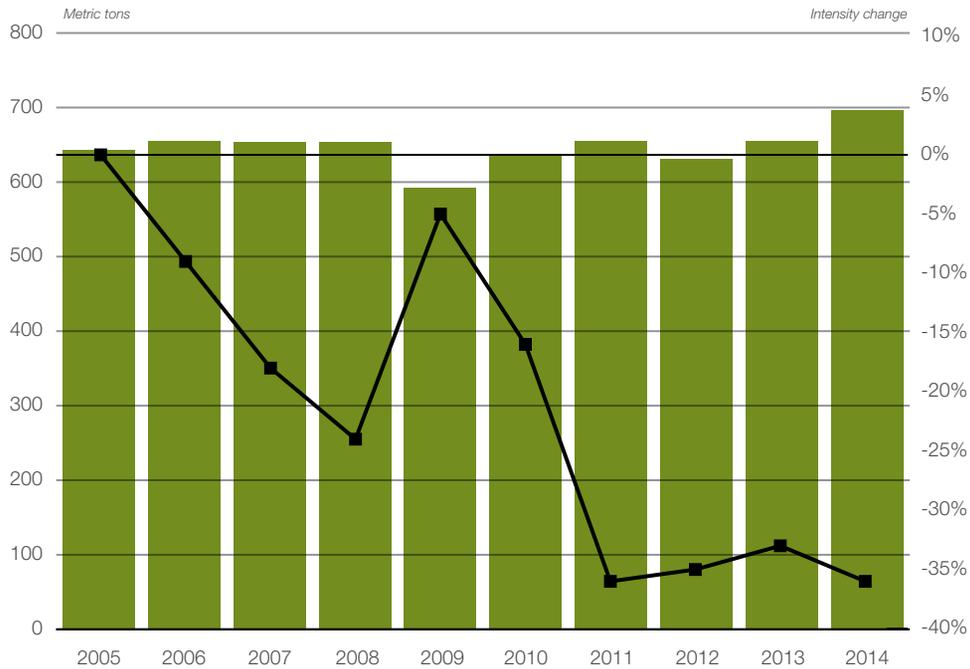
U.S. EMISSIONS	2010	2011	2012	2013	2014
DIRECT					
Stationary combustion	111,337	114,010	110,222	126,929	138,097
Mobile sources	11,995	12,545	12,644	13,016	23,739
Process / Fugitive	3,106	3,288	3,525	3,599	3,697
Generation of sold electricity	0	0	0	0	0
Total Direct Emissions	126,437	129,843	126,391	143,545	165,533
INDIRECT EMISSIONS					
Electricity	298,654	305,533	284,004	289,513	306,181
Total Indirect Emissions	298,654	305,533	284,004	289,513	306,181
DIRECT + INDIRECT					
Total U.S. Emissions	425,091	435,377	410,395	433,057	471,714
NON-U.S. EMISSIONS					
DIRECT					
Stationary combustion	91,296	91,880	85,554	82,396	82,191
Mobile sources	17,015	17,015	17,015	17,075	20,469
Process / Fugitive	6,218	6,610	6,945	8,187	9,509
Generation of sold electricity	6,978	7,897	18,429	18,880	14,857
Total Direct Emissions	121,508	123,402	127,943	126,538	127,026

INDIRECT EMISSIONS	2010	2011	2012	2013	2014
Electricity	238,763	252,251	232,573	232,264	244,093
Hot water	763	488	919	677	344
Steam	9,699	9,050	5,149	5,960	4,198
Total Indirect Emissions	249,225	261,789	238,640	238,901	248,635
DIRECT + INDIRECT					
Total Non-U.S. Emissions	370,733	385,191	366,583	365,439	375,661
TOTAL U.S. EMISSIONS AND NON-U.S. EMISSIONS					
DIRECT					
Stationary combustion	202,633	205,890	195,775	209,324	220,288
Mobile sources	29,010	29,561	29,660	30,092	44,208
Process / Fugitive	9,324	9,898	10,470	11,786	13,206
Generation of sold electricity	6,978	7,897	18,429	18,880	14,857
Total Direct Emissions	247,945	253,246	254,333	270,083	292,559
INDIRECT EMISSIONS					
Electricity	537,417	557,784	516,577	521,776	550,273
Hot water	763	488	919	677	344
Steam	9,699	9,050	5,149	5,960	4,198
Total Indirect Emissions	547,879	567,322	522,644	528,414	554,816
DIRECT + INDIRECT					
Total Emissions	795,824	820,568	776,977	798,496	847,375

ENERGY AND GHG (CONTINUED)

GHG emissions and intensity

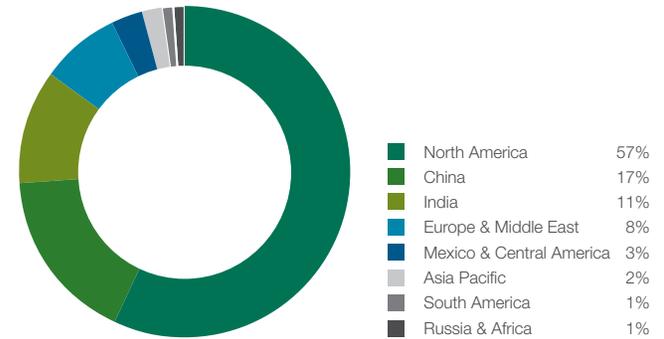
in metric tons CO₂e



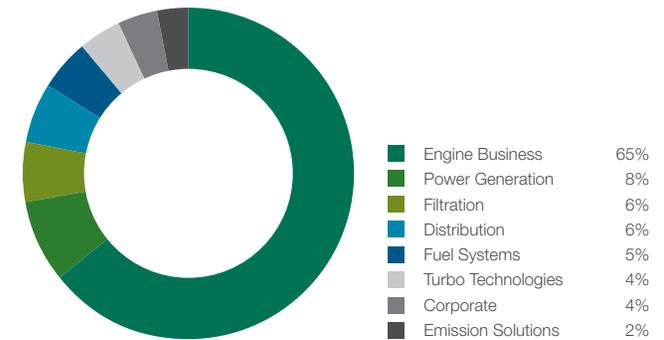
2005	643	2007	654	2009	592	2011	655	2013	655
2006	655	2008	653	2010	638	2012	631	2014	696

■ Total GHG emissions
— % change in GHG intensity from baseline

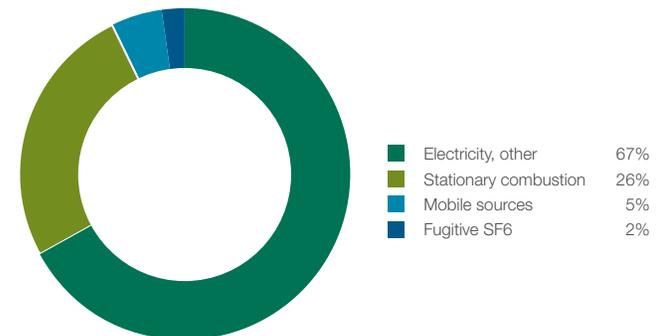
Cummins GHG emissions by country



Cummins GHG emissions by business unit



Cummins GHG emissions by type

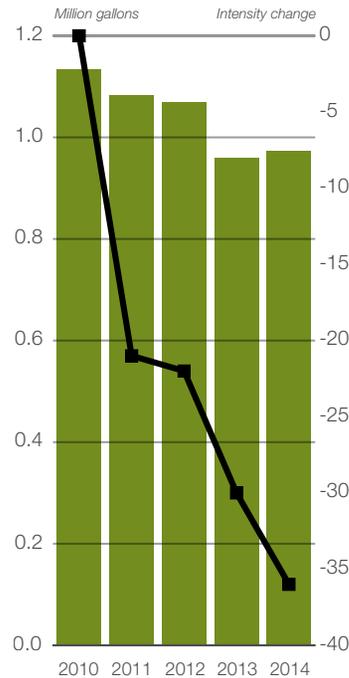


Here are the four areas where Cummins facilities face the biggest water risk. Each of these locations also falls within the Company's priority regions for achieving water neutrality.

WATER

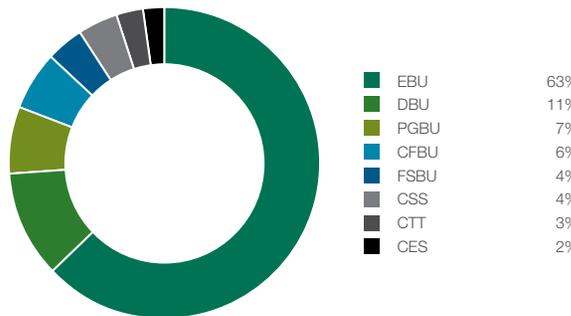


Total water withdrawn
in million gallons

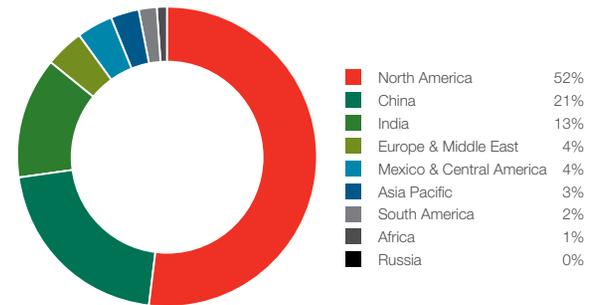


2010	1.13 M	Water use Water intensity change (baseline)
2011	1.08 M	
2012	1.07 M	
2013	.96 M	
2014	.97 M	

Water withdrawn by business unit



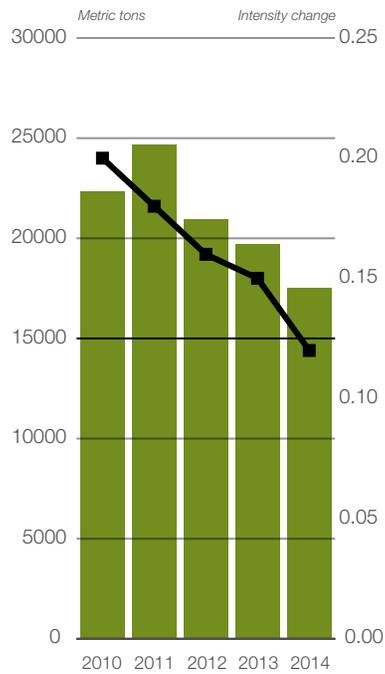
Water withdrawn by region



2014 Water Indicator Data	In Gallons		
Water recycled and reused	19,162,071	G4-EN10	Reuse and Recycle
Rain Water	5,189,495		
Fresh surface water	58,167,053		Discharges
Municipal Treatment Plant	505,804,648	G4-EN22	
Groundwater	97,474,174		Withdrawals
Groundwater (renewable)	111,970,007		
Municipal water	855,075,499	G4-EN8	
Rain Water	5,189,495		

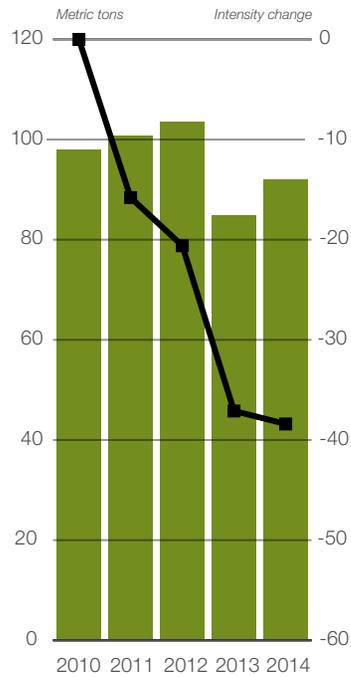
WASTE

Waste disposal and intensity
in metric tons



2010	22,355 MT	■ Disposal (kg)
2011	24,685 MT	— Disposal intensity (kg/hr)
2012	20,930 MT	
2013	19,684 MT	
2014	17,509 MT	

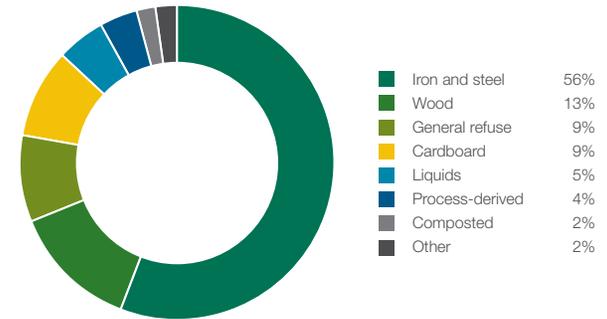
U.S. process hazardous waste
in metric tons



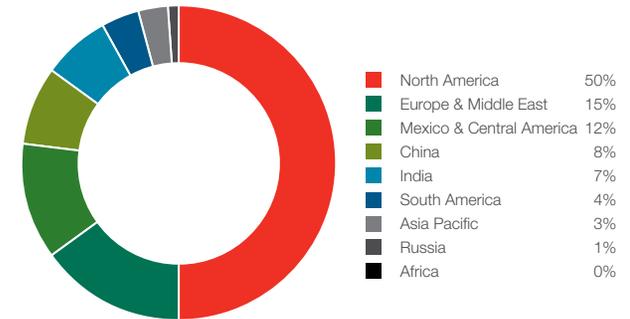
2010	98 MT	■ Hazardous waste (RCRA) [MT]
2011	101 MT	— Change in intensity from 2010
2012	104 MT	
2013	85 MT	
2014	92 MT	

CUMMINS' WASTE FOOTPRINT

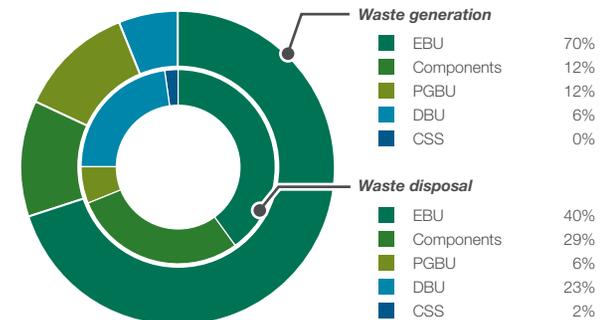
Iron and steel make up the largest component of Cummins' waste footprint.



WASTE BY REGION



WASTE GENERATION AND DISPOSAL BY BUSINESS UNIT



WASTE (CONTINUED)

Recycled materials

in metric tons

Recycled Metals	2010	2011	2012	2013	2014
E-waste	47	78	82	75	76
Copper and brass	742	1,008	817	693	627
Aluminum	728	956	1,022	995	814
Iron and steel	98,596	105,007	97,472	99,006	102,619

Recycled non-metals	2010	2011	2012	2013	2014
Wood	18,674	24,471	24,755	20,580	22,720
Cardboard	12,672	15,934	16,372	15,106	16,008
Liquid waste	12,741	10,591	10,776	8,839	9,842
Burned for energy recovery	2,734	3,468	4,306	4,403	5,595
Composted	Not Tracked	Not Tracked	Not Tracked	5,171	4,410
Plastic	1,172	1,404	1,268	1,606	1,905
Office paper	455	647	710	889	833
RCRA hazardous waste	0	6	12	4	2
Total recycled waste	148,563	163,571	157,592	157,365	165,452

Use of commodities

	2010	2011	2012	2013	2014
Diesel Fuel (gallons)	11,851,635	12,144,492	11,850,959	11,947,595	12,559,875
Natural Gas (CF)	1,442,890,785	1,438,327,739	1,319,779,650	1,548,011,110	1,604,44-,162
Propane (CF)	17,729,522	21,262,657	17,174,304	14,584,853	28,700,286
Electricity (kwh)	838,497,569	875,358,771	841,415,179	852,883,970	903,009,288
Oil (gallons)	1,570,950	2,044,119	2,152,243	2,075,892	2,341,401
Paint (gallons)	480,306	558,180	562,377	416,860	400,123
Coolant (gallons)	2,649,328	1,212,821	1,075,356	1,049,645	1,171,402

SOCIAL DIMENSION

Social elements play a significant role in sustainability at Cummins, protecting the health and safety of the Company's most important asset, its people, and building stronger communities and more engaged employees through Cummins' Corporate Responsibility initiatives. Diversity, human capital development and labor practices and human rights also play a key role in creating the right environment for success. Here's a look at the Company's sustainability efforts in this important area.

HEALTH & SAFETY

Cummins recorded improvements in three key health and safety metrics in 2014, expanded critical programs and won one of the world's most prestigious health, safety and environmental awards.

The Company, though, also recorded an increase in its Major Injuries and Dangerous Occurrences (MIDO) Rate in 2014 and missed aggressive goals set in those areas.

“We made real progress in implementing our vision that all employees are responsible for health and safety, not just on the job but in all facets of their lives,” said Stan Woszczyński, Cummins Chief Manufacturing Officer and the Company leader who oversees health and safety. “However, we know when it comes to health and safety, our work is never done.”

There were 279 lost work days in 2014, 162 first-aid incidents and, sadly, one work-related fatality at one of the Company's joint ventures in China.

MAJOR INJURIES AND DANGEROUS OCCURRENCES

The Major Injuries and Dangerous Occurrences (MIDO) rate went up in 2014:

YEAR	RATE
2012	0.056
2013	0.047
2014	0.057

NOTE:

Cummins' health and safety data covers all company managed operations around the world including Cummins managed joint venture partnerships.

ERGONOMICS RATE

Ergonomics injuries are on the decline since 2011.

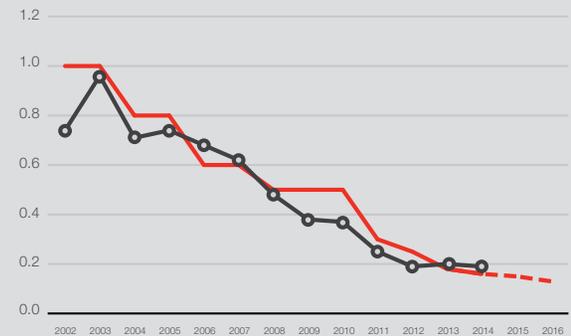
YEAR	RESULT
2014	0.149
2013	0.171
2012	0.173
2011	0.195

Percent difference, 2011-2014: 24 percent reduction

POSITIVE TREND LINES

Both the Company's Severity Case Rate and Incidence rate fell in 2014 compared to 2013. But Cummins did not reach aggressive goals set in those areas.

Severity Case Rate Indicator



Incidence Rate Indicator



Actual 
Target 

Health and Safety leaders expanded two initiatives in 2014 – the Driver Safety program and a program called “Live It. Lead It.”

“Live It. Lead It.” is designed to strengthen leaders’ personal commitment to health and safety by asking them to share their personal experiences with workplace injuries. Participants are also asked to consider every work station in their facilities and whether they would let their mother, father, daughter or son work at those stations.

They also create an action plan detailing how they will personally lead health and safety going forward.

The program has been very effective and safety leaders are working to expand it in 2015 to non-supervisors.

The health and safety team also expanded its global driver safety initiative, sponsoring a special Driver Safety Expo in addition to Driver Safety Week in October 2014. The week includes a focus each day on key topics such as driver fatigue, rural driving, motorcycle driving, safety at intersections and driver attitude.

A phased-in effort to identify and work with drivers considered to be most at risk of getting injured driving was expanded and the Company started driver safety initiatives with several joint ventures in South America and Nigeria.

CAMPBELL AWARD

Cummins won the prestigious Robert W. Campbell award from the National Safety Council in 2014 for its health, safety and environmental initiatives.

In a video message to Company employees, Chairman and CEO Tom Linebarger said he felt tremendous pride about winning the award and at the same time, a sense of urgency to do even more about safety.

THE KNIGHT KNUCKLE

The health and safety team also continued in 2014 its successful Ergonomics Cup, a competition encouraging employees to identify and fix ergonomic problems at Cummins sites around the world. This year’s winner was Kendrick Knight of the Jamestown engine Plant.

Knight invented a safety tool to eliminate the torque transferred to employees using high torque tools for purposes such as tightening bolts.

The “Knight Knuckle,” which also saves time, won the 2015 International Ergo Cup competition in Nashville, Tenn. The tool will be deployed to other Cummins’ facilities in 2015 and is getting attention from companies outside Cummins.

CORPORATE RESPONSIBILITY / PHILANTHROPY

Cummins employees continued to leverage engagement to build stronger communities in many ways in 2014, from recycling tires in Mexico to empowering students to speak out on environmental policy in Dubai, to helping women develop technical skills in Turkey.

Cummins' Corporate Responsibility value calls on the Company and its employees to "serve and improve the communities in which we live."

Cummins has more than 200 employee-led Community Involvement Teams (CITs) around the world that organize most of the Company's community service work. Cummins encourages employees to focus on three global priority areas where they can add knowledge, skills and passion:

- » Education
- » Environment
- » Social justice / equality of opportunity
- »

EVERY EMPLOYEE EVERY COMMUNITY PROGRAM

Employees are allowed to work four hours on Company time as part of the Every Employee Every Community (EEEC) initiative. In recent years participation has picked up significantly, mostly through the Company's more than 200 Community Involvement Teams. Here's a look at participation in recent years. In 2011, the Company altered its counting method.

YEAR	EMPLOYEE PARTICIPATION
2010	62 percent
2011	37.5 percent
2012	63 percent
2013	68 percent
2014	74 percent*

**Cummins goal in 2014 was 70 percent and is remaining at 70 percent in 2015 as the Company explores ways to make engagement as effective as possible.*

NOTE:
Cummins' Corporate Responsibility data is self-reported by participants and includes Company employees, joint venture employees and Cummins' contractors around the world.

UNITED WAY

United Way participation is another indicator to measure employee engagement. Here's a look at Cummins' participation in the primarily North American program in recent years:

YEAR	PLEDGES
2010	\$2.12 million
2011	\$2.51 million
2012	\$2.66 million
2013	\$2.80 million
2014	\$3.12 million

Percent change, 2010-2014, 47 percent increase

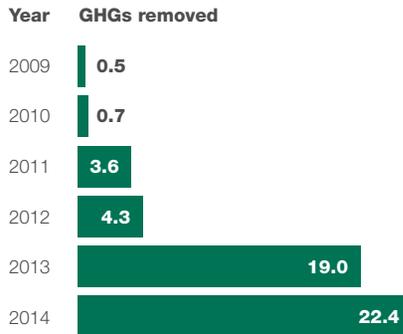
NOTE:
The United Way is a primarily U.S. and North American initiative.

ENVIRONMENTAL CHALLENGE

The Company's Environmental Challenge started in 2009 as a way to celebrate Cummins' 90th birthday and recognize employee passion for environmental improvement projects. It has grown increasingly in popularity and effectiveness.

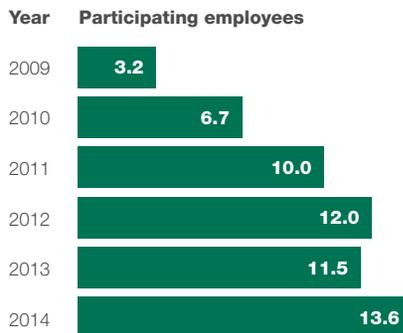
GROWING IMPACT

Cummins' Environmental Challenge has removed an increasing amount of greenhouse gases (GHGs). Here's a look at the estimated amount in thousands of metric tons.



GROWING ENGAGEMENT

Cummins' Environmental Challenge has seen a growing level of employee engagement since it was initiated in 2009. Here's a look at the number of employees participating measured in thousands.



ENVIRONMENTAL CHALLENGE BY THE NUMBERS

Here's a look at some of the numbers generated by Cummins' Environmental Challenge program.

250,000

Number of adults or children reached by an education component of the 2014 Environmental Challenge projects.

10,000

Maximum amount in dollars awarded by the Cummins Foundation to each of the 19 Environmental Challenge winners for use by the charitable or non-governmental group of the winners' choice.

82,700

Trees planted as part of 2014 Environmental Challenge projects.

8,000

Estimated tons of garbage diverted from landfills as part of 2014 Environmental Challenge projects.

63,466

Hours devoted to 2014 Environmental Challenge projects at Cummins.

5,500

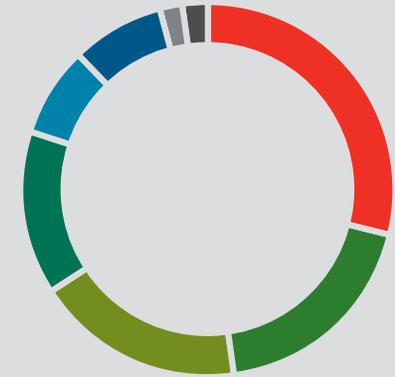
Olympic-sized swimming pools of water conserved or made fit for use as part of 2014 Environmental Challenge projects.

22,370

Estimated metric tons of greenhouse gas reduced by Environmental Challenge projects.

PROJECTS BY REGION

In 2014, 62 teams from 17 countries developed projects to improve the environment in their communities, including first-time entries from new participating locations, including Singapore and Dubai. Here's a look at a breakdown of the projects by region.



REGION	Percentage
China	29 percent
Europe	19 percent
United States	18 percent
India	14 percent
South America	8 percent
Mexico	8 percent
Middle East	2 percent
South Pacific	2 percent

RIGHT ENVIRONMENT / DIVERSITY

Diversity is a core value at Cummins, which calls for its employees to embrace the diverse perspectives of all people, honoring them with dignity and respect.

In 2014, the Company took steps to deepen its commitment to that value, while at the same time re-examining many of its diversity initiatives to ensure they remain relevant at a growing company where more than 60 percent of its employees live outside the United States.

“We really want to see how we can better work with Cummins Area Business Organizations (ABOs) around the world to ensure the power of diversity is part of everything we do,” said Kelley Bertoux Creveling, the Company’s Executive Director of Global Diversity and Right Environment.

Meanwhile, Cummins’ diversity procurement initiative reached its long-standing goal of \$1 billion in spending with diverse suppliers across eight categories in 2014, and laid the foundation for future growth.

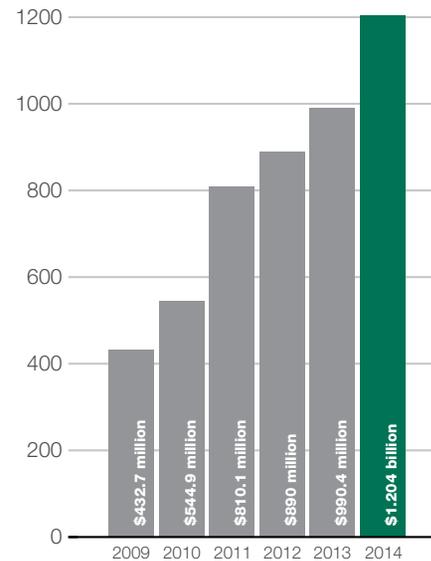
Spending with diverse suppliers in 2014 reached \$1.2 billion in the U.S., up about 21 percent over the \$990 million spent in 2013. Looking just at minority-owned and women-owned businesses, the Company spent about \$926 million in 2014.

Outside the U.S., global spend with diverse suppliers reached \$291.3 million.

Spending on diverse suppliers

in millions of dollars

The total amount of money Cummins spent with diverse suppliers since 2009.



NOTE:

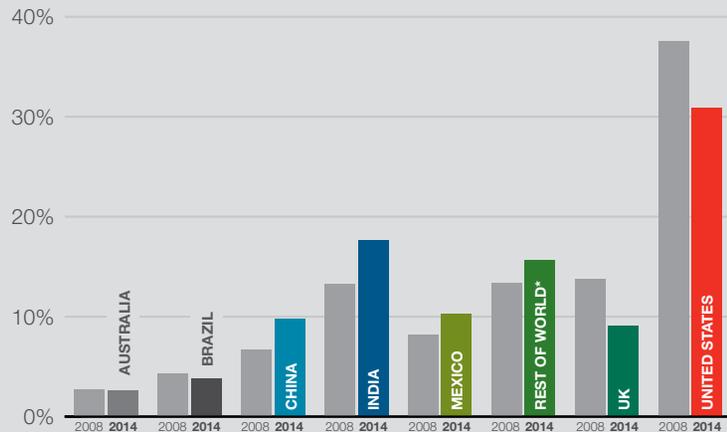
Spending with diverse suppliers in this graph is limited to U.S. spending.

DEVELOPING A TRULY GLOBAL WORKFORCE

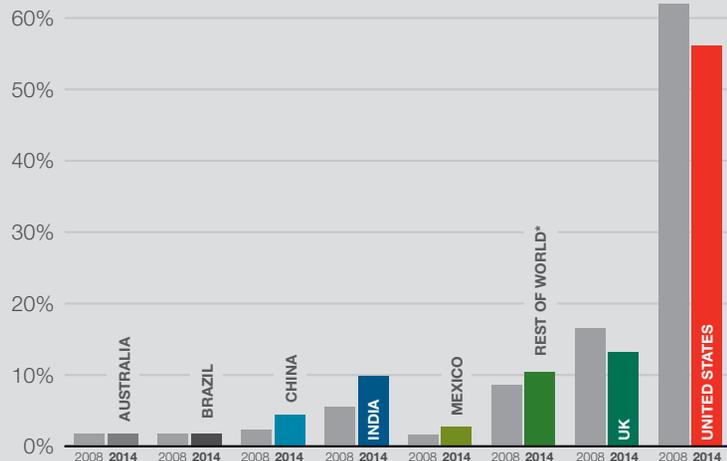
Diversity at Cummins has long been about more than representation. But as a truly global company, Cummins wants to develop a workforce that closely resembles the demographics in the countries and markets where it does business.

Company leaders pay special attention to some key metrics of under-represented groups at Cummins, such as women. An employee's country of birth is another key metric to ensure leadership isn't limited to one country or group of countries. Here's a look at what's been happening in these areas from 2008 to 2014.

COUNTRY OF BIRTH FOR THE WORKFORCE

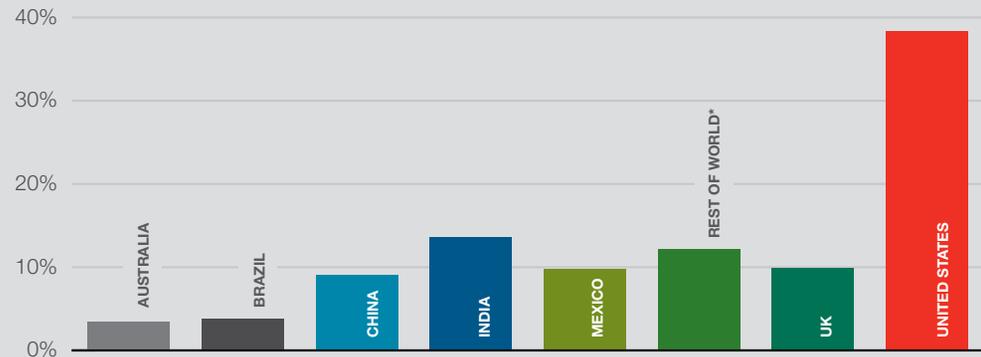


COUNTRY OF BIRTH FOR LEADERS

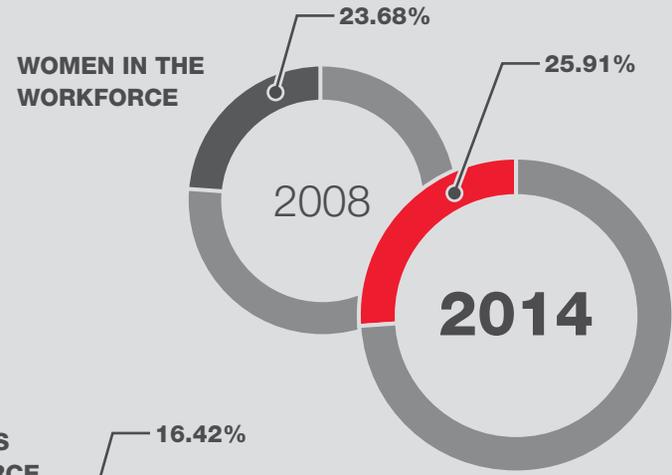


WORKFORCE BY LOCATION

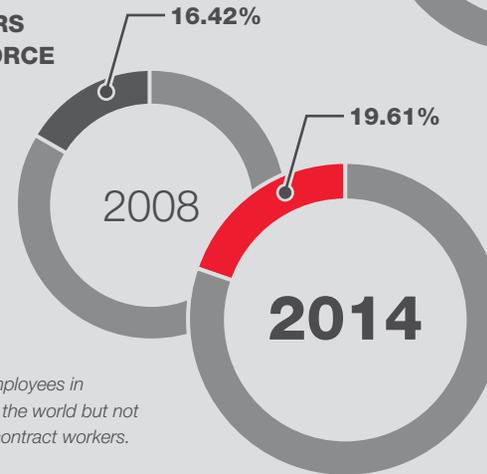
More than half the Cummins workforce works outside the United States. Here's a look at where Cummins employees were in 2014.



*Rest of world category includes countries with less than 1,000 Cummins employees.



WOMEN LEADERS IN THE WORKFORCE



NOTE:

Workforce statistics cover employees in Company operations around the world but not joint ventures or contingent/contract workers.

RIGHT ENVIRONMENT / HUMAN CAPITAL DEVELOPMENT

Employee development at Cummins starts with Global OnBoarding and continues through a host of learning opportunities with a special emphasis on leadership.

The Company believes leadership is critical to Cummins' future and works to develop leadership skills at every level of the Company.

Cummins believes all employees provide leadership whether or not they have employees reporting to them.

This approach to employee development is a key part of the Company's efforts to make Cummins a great place to work.

HUMAN CAPITAL DEVELOPMENT BY THE NUMBERS

25,000

Cummins employees eligible to access the Company's Performance Management System.

20

Number of high potential employees included in the Global Leadership Development Program. The 18-month program prepares employees from within one of the Company's Area Business Organizations for leadership roles. The program is especially important as Cummins develops leaders from outside the United States.

7

Countries where the Company's leadership program "Building Success in Others" has been implemented: China, India, Singapore, South Africa, South Korea, the United Kingdom and the United States.

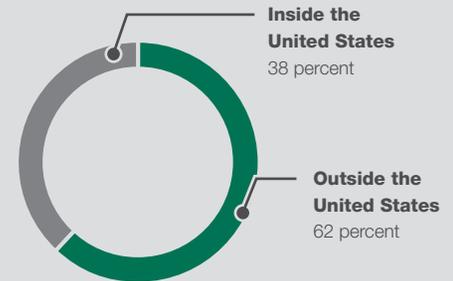
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Skill areas that Cummins believes are essential to great leadership. They are: How to coach and develop, fostering open communications, managing diversity, talent management and thinking strategically / setting the aim.

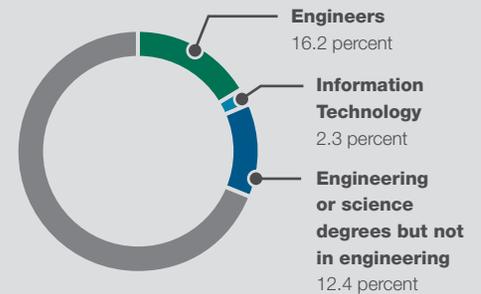
EMPLOYMENT BY THE NUMBERS

Here's a quick look at Cummins' workforce in 2014.

Most Cummins employees live outside the United States



About a third have some kind of background in science or technology



NOTE:

Workforce statistics cover employees in Company operations around the world but not joint ventures or contingent / contract workers.

LABOR PRACTICES AND HUMAN RIGHTS

Cummins' Code of Business Conduct states specifically that the Company "supports human rights around the world, and will comply with all applicable laws regarding the treatment of our employees and other stakeholders." Cummins will not tolerate child or forced labor anywhere and the Company will not do business with any company that does. Cummins also respects employees' freedom of association, right to bargain collectively and all other workplace rights.

About a third of the Company's workforce is represented by a union since 2009.

The same protections are part of Cummins' Supplier Code of Conduct. It says suppliers must "respect employees' freedom of association, right to bargain collectively and all other workplace rights. Employees should be able to choose whether or not to join a union and should not be subject to discrimination based on that choice."

Suppliers must "not use slave or involuntary labor of any kind, including prison labor, debt bondage, or forced labor by governments" and suppliers must not be involved in human trafficking. They must not use corporal punishment, physical or psychological abuse, threats of violence, or other forms of physical or mental coercion. And there must not be unreasonable restrictions on the ability of employees to enter or exit the workplace.

The code states that "Only workers who meet the applicable minimum legal age requirement in the country where they are working, or are at least 15 years old or are over the age for completion of compulsory education, whichever is greater, may be hired by a supplier.

"Suppliers must comply with all applicable child labor laws, including those related to hiring, wages, hours worked, overtime and working conditions."

BENEFITS

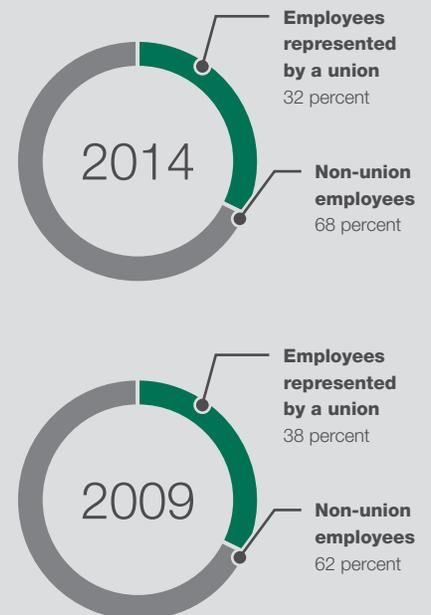
Compensation, health and retirement benefits vary by location and are designed to be competitive within the local markets and countries where the Company does business. Cummins complies with the law everywhere and establishes market-based wages independent of a person's gender or any other demographic trait.

Vocational or developmental programs for young people may require an exception to the age requirements.

The supplier code also restates Cummins' commitment to complying with U.S. laws requiring the tracking of certain minerals known as "conflict minerals." Conflict minerals are Tin, Tungsten, Tantalum and Gold that are mined in conditions of armed conflict and human rights abuses in the Democratic Republic of Congo (DRC) and its adjacent countries. The Company will work with suppliers and "strive to ensure that minerals in our products come from conflict-free sources." All suppliers are required to supply information about their use of these minerals to Cummins.

WORKFORCE ORGANIZATION

About a third of Cummins employees are represented by a union



NOTE:

These workforce statistics cover employees in Company operations around the world but not joint ventures or contingent / contract workers.



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