



2016

***CUMMINS
DATA BOOK***

ABOUT THIS REPORT

Welcome to Cummins' 2016 GRI Data Book. The goal of this report is to essentially convert the [Cummins 2016 Sustainability Progress Report](#) into the Global Reporting Initiative (GRI) framework.

In many instances, this report includes links to a host of other Cummins reports and websites such as the company's [Annual Report on the 10-K Form](#), the [2017 Proxy statement](#), the company's [Governance website](#), Cummins' [Ethics & Compliance website](#) and [Cummins' CDP \(formerly the Climate Disclosure Project\) climate and water reports](#) to provide readers with more information on a particular topic.

It also includes data and information that wasn't in the Progress Report but might be of interest to readers who want more depth, especially on the environment. This report tries to answer as many GRI questions as possible, as directly as possible, in a straight forward manner. The GRI questions can be quite complex, so the report summarizes them as much as possible. If you want to see the complete GRI questions, please go to the [GRI website](#). Cummins' financial data is audited by PricewaterhouseCoopers LLP. The environmental, corporate responsibility, safety and governance data has been assured by Bureau Veritas. Bureau Veritas' assurance letters are included at the end of this report ([page 45](#)).

There were no major changes at the company since Cummins arrived at its materiality findings for [last year's report](#) so the company is using that information for the 2016 report (see [page 19](#)).

Thank you for your interest in Cummins.

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GRI STANDARDS

GENERAL
DISCLOSURES

**TOPIC-SPECIFIC
STANDARDS**

ECONOMIC
ENVIRONMENTAL
SOCIAL

THE UN'S SUSTAINABLE DEVELOPMENT GOALS

Cummins supports the aim of the UN's Sustainable Development Goals to “end poverty, protect the planet and ensure prosperity for all.” The company wants to do its part to make the world a better place to live.

Here are the UN goals:



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KEY PERFORMANCE INDICATORS



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



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

¹ Primary energy excludes sold electricity and associated fuel usage

² Intensity defined as adjusted for sales (energy / GHG) or hours worked (water)

³ Reduction includes consolidated entities only

ECONOMIC

	2014	2015	2016
Revenue	\$19.2 billion	\$19.1 billion	\$17.5 billion
Net Income	\$1.65 billion	\$1.40 billion	\$1.39 billion

ENVIRONMENTAL

	2014	2015	2016
GHG emissions (thousands of metric tons CO ₂ e)	788	775	765
Energy consumption ¹ (thousands of MMBtu)	12,739	12,928	12,921
Water use (millions of gallons)	972	947	934
Water intensity reduction ² (since 2010)	35%	41%	42%
Energy intensity reduction ^{2,3} (since 2010)	19%	24%	24%
GHG intensity reduction ^{2,3} (since 2010)	22%	29%	30%
Recycling rate	90%	90%	89%

SOCIAL

	2014	2015	2016
Major injury rate	0.043	0.044	0.041
Incidence rate	0.610	0.588	0.627
Women leaders in the workforce	20%	21%	21.80%
Every Employee Every Community (EEEC) participation rate	73%	80%	80%
Number of Environmental Challenge participants	13,600	21,600	17,400

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which specifies each of
the GRI Standards used
and lists all disclosures
included in the report.*

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NOTABLE

Learn how Cummins used Six Sigma to improve customer care.

OUR KEY TOOLS

SIX SIGMA AND CONTINUOUS IMPROVEMENT



Cummins is a big proponent of Six Sigma, using the business improvement tool to save the company and its customers billions of dollars.

Six Sigma uses data-based analysis to identify defects and variation in a wide range of manufacturing and business situations. Since its introduction at Cummins in 2000:

- » Approximately **23,000 people** have been trained on Six Sigma tools at the company, including more than 11,700 current professional employees.
- » Six Sigma projects have identified an estimated **\$6.65 billion in PBIT (Profit Before Interest and Tax) savings** over the tool's 16-year history at Cummins.
- » Cummins Customers have saved an estimated **\$1.41 billion** through Six Sigma since the tool was first offered to them in 2005.

Cummins also uses Six Sigma in its community work, helping its community partners address problems. Employees completed 74 Community Impact Six Sigma projects on behalf of their community partners in 2016.

The impact of Six Sigma on the company goes beyond cost savings and community engagement. It has provided Cummins with a common language and a collective mindset that can be used to address a problem or challenge almost anywhere in the world.

In 2016, the company announced some changes to its Six Sigma program, bringing in some additional improvement tools to the training. Now called "Six Sigma and Continuous Improvement," this new approach is designed to keep projects targeted at Cummins' most important business problems. The company's top leaders play a key role in determining Six Sigma priorities with a special focus on product quality, working capital, distributor synergies, direct material cost reductions and telematics.

After 16 years as a key part of the company, Six Sigma has established itself as the principal problem solving tool used at Cummins.

CUMMINS OPERATING SYSTEM

The Cummins Operating System helps develop common practices and approaches to improve customer satisfaction. The 10 practices are:

- » *Put the customer first and provide real value.*
- » *Synchronize flows (material, physical and information).*
- » *Design quality in every step of the process.*
- » *Involve people and promote team work.*
- » *Ensure equipment and tools are available and capable.*
- » *Create functional excellence.*
- » *Establish the right environment.*
- » *Treat preferred suppliers as partners.*
- » *Follow common problem solving techniques.*
- » *Use Six Sigma as the primary process improvement method.*

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ORGANIZATIONAL PROFILE

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Name of the organization.

Extensive information about Cummins Inc. including its name, address, stock symbol and more is available on [page 8](#) of this report.

102-2

Activities, brands, products and services?

Cummins is organized into four business areas – the Engine business, the Power Systems business, the Components business and the Distribution business. More about the company’s products and services is available on [page 9](#) of this report.

102-3

Location of headquarters

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

102-4

Location of operations

Cummins’ customers are located in approximately 190 countries and territories that the company reaches through a network of more than 600 company-owned and independent distributor locations and approximately 7,400 dealer locations. The company’s major manufacturing facilities are located in Indiana, Minnesota, North Carolina, South Carolina, Tennessee and Wisconsin in the United States; And Australia, Brazil, China, France, Germany, India, Mexico, Nigeria, Romania, South Africa, South Korea, Turkey and the United Kingdom outside the U.S.

CUMMINS’ GLOBAL REACH



CUMMINS’ MAJOR MANUFACTURING FACILITIES

UNITED STATES Indiana, Minnesota, New Mexico, New York, North Carolina, South Carolina, Tennessee, Wisconsin
OUTSIDE UNITED STATES Australia, Brazil, China, France, Germany, India, Mexico, Nigeria, Romania, South Africa, South Korea, Turkey, United Kingdom

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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 St.
Columbus, IN 47201

EST. **1919**



www.cummins.com

CMI

STOCK SYMBOL

(New York Stock Exchange)

55,400

**EMPLOYEES
WORLDWIDE**

More than 50 percent of the company's employees are located outside the United States.

(approximate employee total, as of December 2016)

CUSTOMERS

Cummins' customers are located in approximately **190 countries and territories** that the company reaches through a network of more than **600 company-owned and independent distributor locations** and approximately **7,400 dealer locations**.

FORTUNE 500 RANKING (2016)

148

SALES / EARNINGS

In 2016, Cummins earned \$1.39 billion on revenues of

\$17.5 billion

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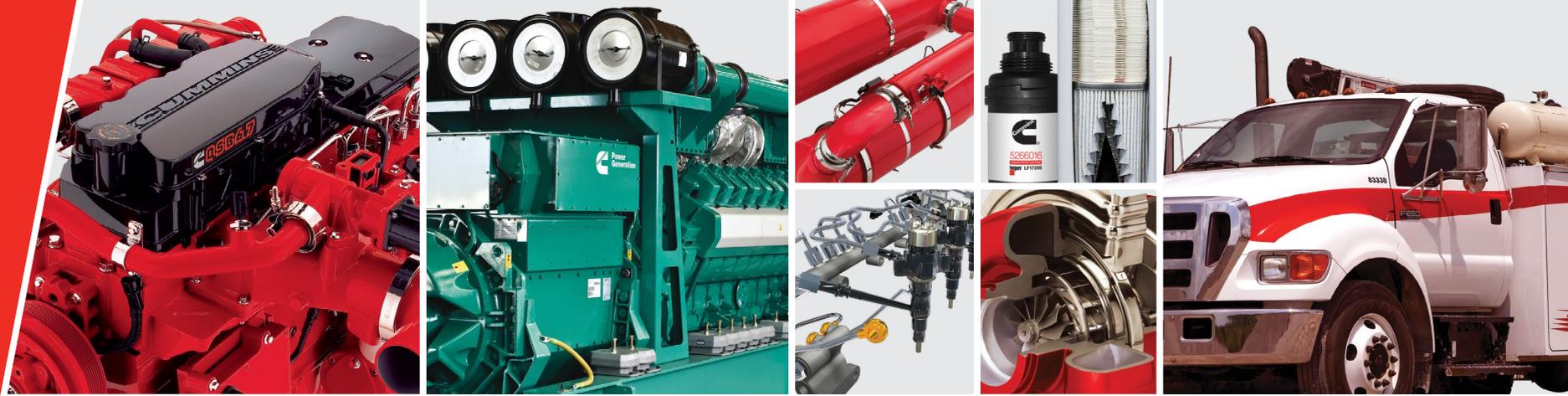
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HOW WE DO IT

Cummins is organized into four business segments. In 2016, the company went through some restructuring designed to help it innovate faster and bring more value to customers.



CUMMINS ENGINE BUSINESS

The Engine Business segment manufactures and markets diesel and natural gas engines for on- and off-highway use around the world. Markets include heavy- and medium-duty trucks, buses, light-duty trucks and industrial uses in areas such as agriculture, construction and military equipment.

CUMMINS POWER SYSTEMS

In 2016, Cummins reorganized its business, combining the company's Power Generation segment and its high-horsepower engine business to create a new Power Systems segment. The segment 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. The segment also designs, manufactures, sells and supports diesel and natural gas high-horsepower engines for a wide variety of uses including power generation, marine, mining and rail.

COMPONENTS BUSINESS

The Components segment is organized around the following businesses:

Cummins Emission Solutions

designs and builds exhaust aftertreatment solutions to reduce emissions for light-, medium- and heavy-duty and high-horsepower engines.

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 fuel systems that maximize power and fuel economy while helping to reduce emissions.

Cummins Turbo Technologies designs and builds turbochargers to maximize performance and reduce emissions and fuel consumption.

CUMMINS DISTRIBUTION BUSINESS

Cummins Distribution Business sells and services the full range of Cummins products for over 20 application segments in more than 190 countries and territories around the world.

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Nature of ownership and legal form

Cummins is a publicly traded, Fortune 200 company. It ranked 148th in 2016. Cummins' stock symbol on the New York Stock Exchange is CMI.

102-6

Markets served

Cummins is a global power leader made up 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. Approximately 46 percent of the company's net sales in 2016 were attributable to customers outside the U.S. compared to 44 percent in 2015 (page 46 of the [Sustainability Progress Report](#)).

Distribution made up the largest business segment in 2016 followed by the Engine Business. Customers include original equipment manufacturers (OEMs) who in some cases make their own engines. Developing innovative, clean, dependable engines those OEMs, and by extension their customers,

will want to purchase is critical to the company's sustainability. Cummins engines are used in long haul trucks, regional trucks and pickup trucks as well as in off-highway equipment such as tractors, trains, ships, excavators, generators and more. As the only company that produces all of the critical subsystems required to build an engine or generator in house, Cummins believes it has a competitive advantage.

102-7

Scale of the organization

Cummins has 55,400 employees with slightly more than half located outside the United States. About a third of the company's employees are represented by a union. About a third of Cummins' professional staff has a background in science, technology, engineering or math (STEM). The company had \$17.5 billion in sales in 2016. The company sells about a million engines annually as well as related components.

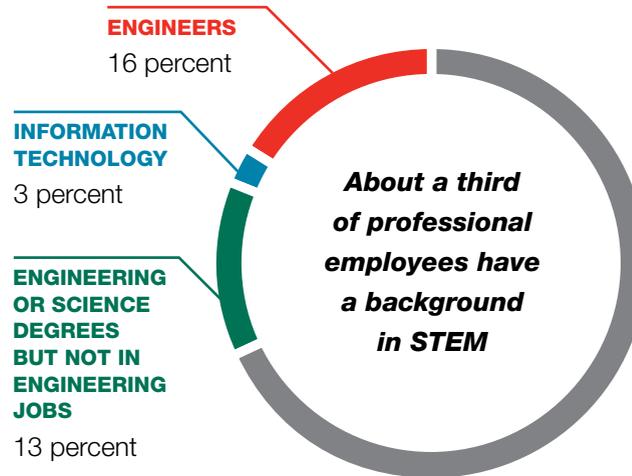
102-8

Information on employees

As stated earlier, Cummins has about 55,400 employees world-wide. About a third are represented by a union. Slightly more live outside the United States than inside the United States. About 26 percent of the workforce is made up of women and women make up about 22 percent of the company's leadership. To see more about the diversity of the company, see the graphic on [page 12](#).

WORKING AT CUMMINS

Cummins' workforce of 55,400 employees worldwide is the company's most important asset, providing the ingenuity and hard work that's critical to Cummins' success. Here's a quick look at who they are and where they are.



OUTSIDE UNITED STATES

54 percent

INSIDE UNITED STATES

46 percent

More employees live outside the United States

EMPLOYEES REPRESENTED BY A UNION

33 percent

About a third of the workforce is represented by unions under agreements expiring between 2017 and 2021.

NON-UNION EMPLOYEES

67 percent

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Describe your supply chain

Cummins began to transform its supply chain in 2010, focusing on ways to increase efficiency, lower costs and reduce its environmental footprint. Developing supply chain excellence is one of the company's Five Growth Accelerators approved by Cummins leadership. By working to better coordinate the production, shipment and delivery of goods, Cummins better serves its customers. The company puts a special focus on the synchronized warehousing of raw materials to provide scale and improve efficiency.

The formation of the Power Systems segment, initiated in 2015 and completed in 2016, combined the Power Generation and High Horsepower businesses, which were already strongly interdependent. It will allow the company to streamline business and technical processes to accelerate innovation, grow market share and more efficiently manage its supply chain and manufacturing operations.

Cummins was able to reduce material costs by about \$250 million in 2016 by working tirelessly with its global supply chain partners. To learn more about the supply chain at Cummins, go to page 10 of the [Annual Report on the 10-K Form](#).

102-10

Significant changes to the organization

Cummins in 2016 completed the formation of the company's Power Systems segment, bringing together Cummins former Power Generation and High Horsepower segments. In many ways, it was a natural restructuring of the company. Approximately 60 percent of Cummins' high horsepower engines are used in the company's power generation products. The move was designed to create efficiencies in the new segment's supply chain and streamline the process for bringing new ideas to market. The restructuring contributed to about a \$160 million reduction in operating costs in 2016. To learn more go to page 10 of the [Annual Report on the 10-K Form](#).

102-11

Precautionary approach

While the company has not formally adopted this terminology, a key commitment has long been that "everything we do leads to a cleaner, healthier, and safer environment." When it comes to the company's operations, Cummins is not satisfied merely to meet local regulations. The company is striving to reduce its carbon footprint by recycling and using less water and energy everywhere. The company has set specific goals in these areas that apply to all Cummins' facilities, regardless of their location. To learn more about the company's goals, see page 14 of the [2016 Sustainability Progress Report](#).

102-12

External approaches

In 2016, Cummins joined thousands of global companies signing the U.N. Women's Empowerment Principles. The seven principles emphasize the business case for promoting gender equality and empowering women. The company is committed to promoting gender equality in the workplace, marketplace and in the communities where it does business.

102-13

Membership of associations

Cummins belongs to a number of organizations and associations, including: The Diesel Technology Forum, the Health Effects Institute, BSR (Business for Social Responsibility) and the Rocky Mountain Institute's Business Renewables Center. The company participates in the U.S. Department of Energy's Better Business Challenge. The company's CEO, Tom Linebarger, is chairman of the Business Roundtable's International Engagement Committee. Linebarger was a featured speaker at BSR's 2015 meeting in San Francisco.

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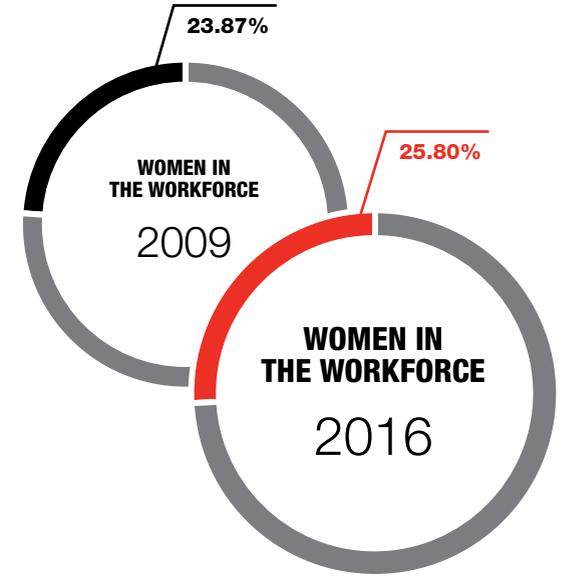
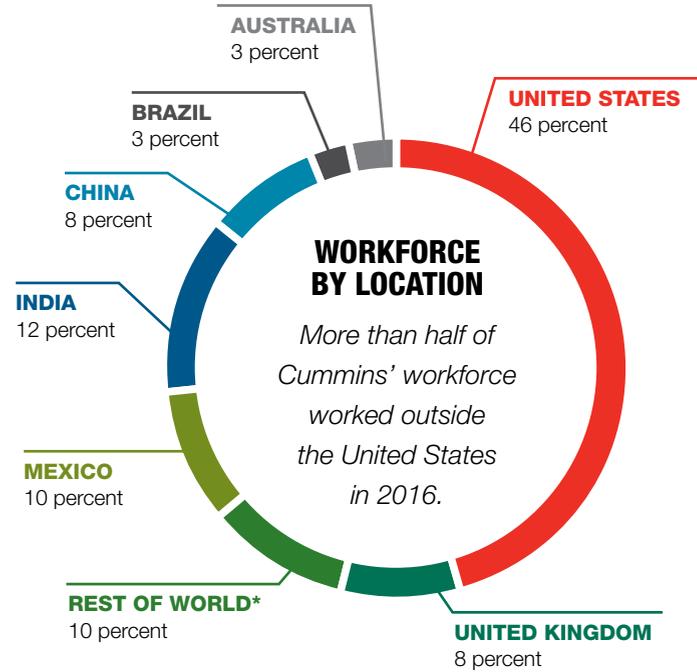
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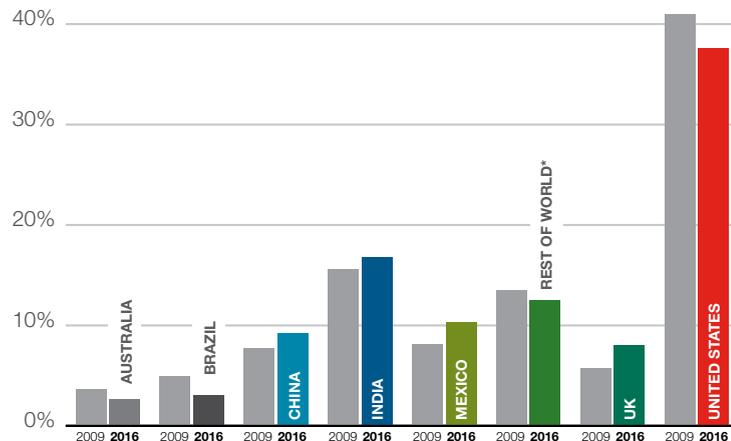
DEVELOPING A TRULY GLOBAL WORKFORCE



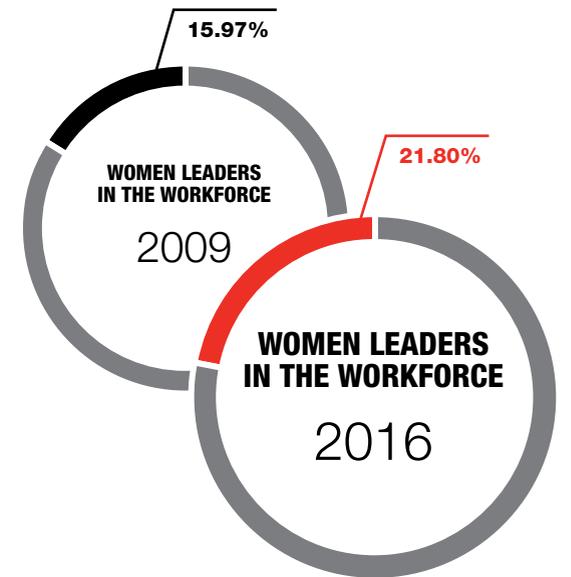
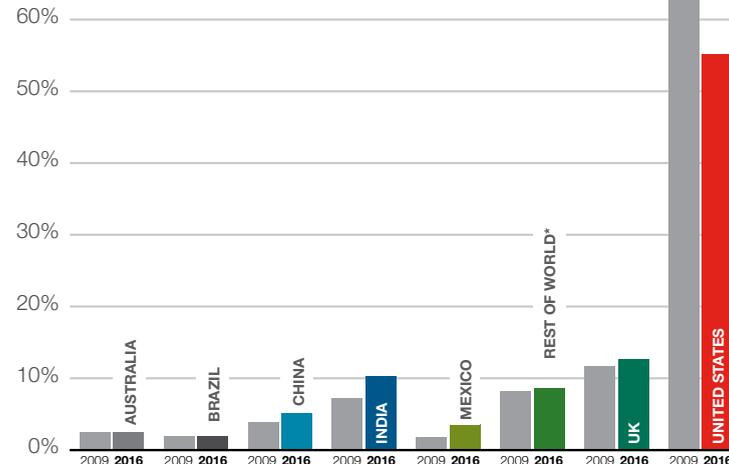
Diversity and inclusion at Cummins has long been about more than representation. But to be a truly global company, Cummins wants to develop a workforce that closely resembles the demographics in the countries and markets where it does business. Company leaders pay special attention to some key metrics of under-represented groups at Cummins such as women. An employee's country of birth is another metric to ensure leadership isn't limited to one country or a small group of countries.



COUNTRY OF BIRTH FOR THE WORKFORCE



COUNTRY OF BIRTH FOR LEADERS



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

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STRATEGY

102-14

Statement from senior decision maker

Cummins Chairman and CEO Tom Linebarger writes about the relationship between sustainability and the company's strategy in two places: His essay on page 47 of the Business Roundtable's sustainability report, [Create, Grow, Sustain: 2017](#) and in his letter on page 6 of the introduction to Cummins' 2016 [Sustainability Progress Report](#).

102-15

Key impacts, risks

Extensive information on the impacts, risks and opportunities facing the company can be found starting on page 17 of the 2016 Cummins [Annual Report on the 10-K Form](#). They are also addressed in the [Chairman's Annual Letter to Shareholders](#) and in the Chairman's Note on page 6 of the [Sustainability Progress Report](#).

Cummins also has an extensive [governance](#) section on the company's website, in the company's [Proxy Statement](#) and starting on page 55 of the company's 2016 [Sustainability Progress Report](#). A story there on the company's Risk Management function (page 58) spells out how risk management has evolved at Cummins to better manage risk, including the establishment of a Risk Management Council made up of the company's top leaders, who each take personal ownership of a key risk facing Cummins.

ETHICS & INTEGRITY

102-16

Values, principles, standards

Cummins has been updating the company's Mission, Vision and Values (MVV) over the past two years. The board was briefed and consulted and its input is reflected in the final version. Senior executives met extensively on this topic over the past 12 to 16 months. It was the first update since the MVV was established in 2000. After leadership reached a tentative approval on the MVV, it was reviewed by various employees through focus groups and other means. It then went back to leadership for more review and changes before a final version was released in late July. You can see the new version of the company's mission, vision and values on [page 14](#).

102-17

Mechanisms for advice and concern about ethics

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

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VISION, MISSION, VALUES & 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 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.

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GOVERNANCE

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Governance structure

The Board of Directors oversee the company. The duties of the Chairman and the Lead Director as well as the six standing board committees (Governance and Nominating, Audit, Compensation, Executive, Finance, and Safety, Environment and Technology) are laid out in the

[Governance section](#) on [cummins.com](#).

The Board of Directors and its committees are involved on an ongoing basis with the oversight of the company's material enterprise related risks. Senior management, led by the Chief Executive Officer and Chief Financial Officer, in conjunction with other appropriate officers, undertake a process that identifies, categorizes and analyzes the relative severity and likelihood of different types of risk.

The committees receive frequent updates from senior leaders who have functional responsibility for managing the risks related to those committees. Their reports address mitigation strategies and more. Additional information can also be found on the [Governance section](#) of [cummins.com](#).

102-19

Delegating authority

See answer to 102-18.

102-20

Executive level responsibility for economic, environmental and social topics

Cummins has a Vice President – Chief Technical Officer who reports to the President and COO on several issues including the company's effort to reduce its environmental impact. The company's Vice President – Corporate Responsibility reports to company leaders on Cummins' community engagement and social efforts. Cummins Vice President – Ethics and Compliance, reports to company leaders on the ethics related issues. The company's Vice President – Chief Financial Officer reports to the CEO on financial related matters.

102-21

Consulting stakeholders on economic, environmental and social topics.

The Company's Chief Technical Officer and Chief Financial officer are part of the company's top leadership team. They meet frequently with the board. The Vice President-Corporate Responsibility and Vice President – Ethics and Compliance are not on the leadership team and perhaps meet slightly less frequently with the board, but still have regular contact. All of these officers meet regularly with stakeholders outside the company on a variety of issues.

102-22

Composition of the highest governance body and its committees.

The company's [2017 Proxy statement](#) includes extensive information about the board members, their duties, and the strengths they present to the board.

102-23

Chair of the highest governance body

Tom Linebarger is Chairman of the Board of Directors and Chief Executive Officer at Cummins. He is one of two Cummins employees on the 11-member Board of Directors. This model has worked well for the company, producing strong results. The board is sufficiently empowered to provide effective oversight. Cummins is fortunate to have an outstanding Lead Director, former U.S. Secretary of Labor Alexis Herman. She joined the board in 2001. To learn more, see pages 10-19 of the [2017 Proxy](#).

102-24

Nominating and selecting the highest governance body

The board composition guidelines are discussed in Sections 5.6 and 5.7 of the [Corporate Governance Principles](#), and pages 6-8 of the [2017 Proxy](#). A statement on diversity is included on page 7 of the proxy. Independence is addressed on page 3 of the proxy. The expertise each member brings to the board is included on pages 10-19 of the proxy.

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Conflicts of interest

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

102-26

Purpose, values and more

Please see the answer to [102-16](#).

102-27

Collective knowledge of the highest governance body

The Board of Directors is briefed and provided with substantive information prior to each board meeting. New board members are provided with a timely and thorough introduction to Cummins, including information on the company's Mission, Vision and Values as well as an introduction to the company's business units and their respective management teams. They are also briefed about the company's risk management processes and the regulatory environment and visit company facilities.

Directors with more tenure are expected to continue educating themselves with respect to the company's industries and markets as well as corporate governance and director responsibility developments. Cummins provides periodic updates or training to board members to ensure they have the knowledge and skills necessary for their service and may also apprise board members of appropriate director educational programs and encourage them to attend at the company's expense. See Section 2.6 of the [Corporate Governance Principles](#).

102-28

Evaluating performance

The [Governance and Nominating Committee](#) is responsible for conducting an annual assessment of the Board of Directors. This assessment explores whether the board and its committees function effectively and identifies areas in which it believes improvements can be made. (See Section 5.4 of the [Corporate Governance Principles](#).) Cummins' Chairman and CEO also conducts one-on-one evaluations with each director individually.

102-29

Identifying and managing economic, environmental and social impacts and risks

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

102-30

Effectiveness of risk management process

Monitoring the effectiveness of internal controls and risk management practices is one of the key oversight responsibilities of the Board of Directors at Cummins. The board receives a risk report at every regularly scheduled meeting, updating it on the significant risks facing the company.

The board is regularly briefed on matters of concern for customers, employees, unions and investors. It has a keen awareness of what all stakeholders are thinking, enabling it to stay informed of key economic, environmental and social developments. To learn more go to the [Audit Committee Charter](#).

102-31

Review of economic, environmental and social topics

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

102-32

Board role in sustainability reporting

A committee of four people oversees Cummins' sustainability reporting: the Vice President – Corporate Responsibility, the Vice President – Corporate Communications, the leader of Government Relations and the Executive Director of Worldwide Environmental Compliance. Sustainability reporting is compiled and edited by the Director of Sustainability Communications. The board does not play a direct role.

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102-33

Communicating Critical Concerns

Shareholders and other interested parties may communicate with the board, including its Lead Director and other non-management directors, by sending written communication to the directors c/o the board secretary, 301 East Market St., Indianapolis, Indiana 46204. All such communications will be reviewed by the secretary or his designee to determine which communications are appropriate to be forwarded to the directors. All communications will be forwarded except those that are related to Cummins products and services, are solicitations or otherwise relate to improper or irrelevant topics. For more see the company's [Proxy Statement](#).

102-34

Nature of critical concerns

Cummins considers this confidential information. Anything material to the company's financial performance is disclosed in the [Annual Report on the 10-K Form](#).

102-35

Remuneration Policies for highest governance body and senior executives

The "Executive Compensation Discussion and Analysis" section starting on page 21 of the [2017 Proxy](#) provides detailed information about Cummins' executive compensation program. See also *Director Compensation* starting on page 66 and a discussion of the Board of Director's Compensation Committee starting on page 5.

102-36

Process for determining remuneration

The board's Compensation Committee engaged Farient Advisors LLC as its independent compensation consultant to provide input and advice to the committee. Other than these compensation services outlined on page 5 of the [2017 Proxy](#), Farient did not provide any other services to the company.

102-37

Stakeholders involvement in remuneration

A vote is taken on the compensation plan as part of the company's Annual Meeting of Shareholders. At the 2017 Annual Meeting, a vast majority of shareholders voted in support of the company's executive compensation. Stakeholders can also speak at the annual meeting to voice their opinions.

102-38

Annual compensation ratio

Cummins does not currently calculate this ratio.

102-39

Percentage increase ratio

Cummins does not currently calculate this ratio.

STAKEHOLDER ENGAGEMENT

102-40

List of Stakeholders

Civil society, community-based NGOs Cummins works with, colleges and universities, customers including fleets and OEMs, employees and contract workers, end users, environmental groups, local communities, nationally based NGOs the company works with, regulators and other government officials, shareholders and suppliers.

102-41

Collective bargaining agreements

About a third of the Cummins workforce belongs to unions. To see more, go to the chart on [page 10](#).

102-42

Identifying stakeholders

Cummins engages with stakeholders who can help the company live its Vision, Mission and Values. See the chart on [page 14](#).

102-43

Approach to stakeholder engagement

Most engagement is through everyday contact with the groups, companies and individuals Cummins works with in its pursuit of fulfilling the company's Vision, Mission and Values. Cummins is currently conducting a Six Sigma project looking into ways it can improve the company's materiality process, including engagement with stakeholders. After its initial materiality review in 2015, the report's leadership team decided the [Sustainability Progress Report](#) needed a Customer section in the 2016 report. It is located on page 53. The Six Sigma project may well drive more change in the future.

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102-44

Key topics raised through stakeholder engagement

Cummins' engagement with customers is obvious through products such as the new X15 engine platform, which makes tremendous strides in areas such as uptime and fuel economy – two major customer concerns. The company's history is filled with examples in other areas, as well. Cummins started a sustainability report, for example, at the suggestion of a stakeholder and has now published 14 annual editions. In one of the most visible examples, the company joined activists in opposing apartheid in the 1980s, leaving the country after it was told it could not desegregate its facilities.

REPORTING PRACTICE

102-45

Entities included in consolidated financial statements

See the company's 2016 [Annual Report on the 10-K Form](#).

HOW SUSTAINABILITY AFFECTS EVERY CUMMINS PRODUCT

INPUTS

INNOVATION

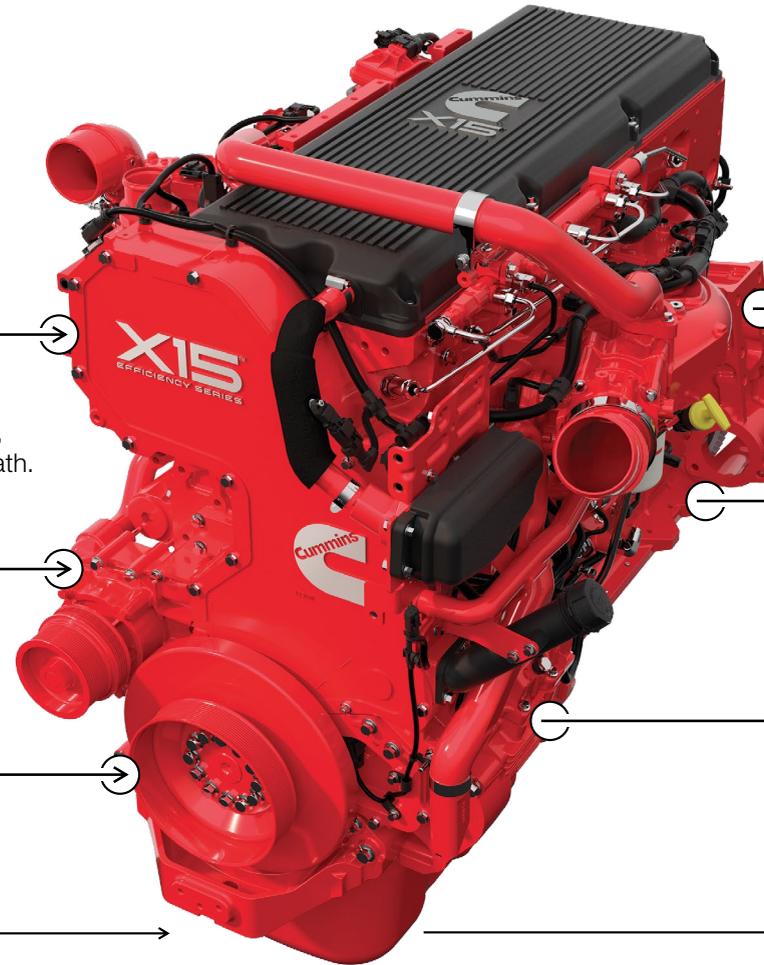
About a third of the Cummins professional workforce has a background in STEM – Science, Technology, Engineering and Math.

TECHNOLOGY LEADERSHIP

We consistently develop new ways to make our engines clean, efficient and dependable.

SKILLED LABOR

Cummins depends on a skilled workforce. About a third is represented by unions.



OUTPUTS

REDUCED EMISSIONS

Cummins products meet the most stringent emission regulations around the world.

REMANUFACTURING

We remanufacture some 50 million pounds of older product annually, keeping it out of landfills.

FUEL EFFICIENCY

Cummins products consistently achieve fuel economy gains that reduce greenhouse gases.

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MATERIALITY

102-46 Defining report content and boundaries

103-1 Material topics: definition

103-2 Material topics: management

103-3 Material topics: evaluation

For the important sustainability aspects shown in the diagram below, the company in 2015 compiled the results of more than a dozen stakeholder assessments already conducted by various functions within Cummins to determine what topics are the most relevant to the company’s stakeholders in the economic, social and environmental realms.

Cummins’ stakeholder assessments include, but are not limited to, extensive customer surveys and analysis, interactions with regulatory bodies, risk assessment as included in the [Annual Report on the 10-K Form](#) and others managed internally. The company also included the Sustainability Accounting Standards Board’s sector brief to capture key topics of interest to investors in this sector.

Cummins believes the current efforts under way at the company represent, when analyzed together, a comprehensive view of the issues of importance to Cummins’ sustainability. The company continues to evaluate various methods of assessment going forward.

A team of Cummins sustainability subject matter experts did an analysis using the Six Sigma tool of a prioritization matrix to evaluate more than 40 potential aspects derived from the stakeholders’ assessments. Two overarching criteria were used to determine which aspects were evaluated: “importance to stakeholders” and “strategic importance to the business.” Ethics and compliance as a critical part of corporate governance was presumed to be included as foundational to the company and is not listed separately.

The analysis resulted in the important aspects listed below. The intent of the current process employed was to determine the top 12 aspects but not rank them. Aspects are grouped in broad categories of partners, people, products and policy.

The assessment tools used covered a broad range of stakeholders; for example, the employee engagement survey included nearly the entire employee base (50,000+) while the internal risk assessment was sent to more than 400 executives. Customer surveys on transactional interactions are sent immediately, and a competitive loyalty study done in 2013-2014 included more than 8,000 telephone interviews with more than 15,000 brand evaluations.

Specific weighted prioritization criteria included:

- » Revenue
- » Business opportunity
- » Business risk
- » Brand/reputation
- » Cost
- » Customer success

ASSESSMENT PROCESS

STAKEHOLDER	ASSESSMENT TOOL	FREQUENCY
Customers	Surveys, Net Promoter score	Various; daily to every two years
Employees	Employee satisfaction survey, risk assessment	Conducted at least once in the last three years
Communities	Community needs assessment	Every two years
Governments and NGOs	Face to face meetings, forums	Various but at least monthly with some stakeholders
Industry experts	External expert assessments (SASB)	Varies
Investors	Face to face meetings, conferences, earnings conference calls	Varies at least quarterly

Aspect boundaries:

Boundaries are internal only for all aspects except for Customer Satisfaction and Promise, Partner Management and Energy Management, which in all or part include joint ventures.

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102-47

List of Material Topics

CUMMINS IMPORTANT SUSTAINABILITY TOPICS

PARTNERS	PEOPLE	PRODUCTS	POLICY
Customer satisfaction and promise	Talent management	Innovation	Energy management
Procurement practices	Occupational health, safety and wellness	Fuel economy and in-use emissions	Public policy
Partner management	Community engagement	Material sourcing	Emissions regulations and enforcement
		Remanufacturing	

TOPICS DEFINED:

» **Customer satisfaction and promise:** Customer satisfaction with product quality, service and delivery; loyalty.

» **Procurement practices:** Supplier engagement and sourcing.

» **Partner management:** Joint ventures and integrated account management.

» **Talent management:** Talent attraction and retention, performance management, incentives.

» **Occupational health, safety and wellness:** Workplace health and safety and overall wellness.

» **Community engagement:** Efforts to serve and improve communities to ultimately build stronger markets for Cummins products.

» **Innovation:** New product development and iteration.

» **Fuel economy and in-use emissions:** Product fuel economy in design and in use by customers.

» **Remanufacturing:** Remanufacturing engines and components to as-new or better condition for sale.

» **Energy management:** Energy use and reduction by Cummins consolidated operations and joint ventures subscribing to Cummins' Enterprise Environmental Management System.

» **Public policy:** Public policy that has potential or actual impact on Cummins products and operations

» **Emissions regulation and enforcement:** Regulation that has potential or actual impact on Cummins products and operations.

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REPORTING STRUCTURE

102-48

Restatements of Information

Cummins' Health & Safety function implemented a new improvement process for gathering and computing its safety data. As part of that effort, it recalculated its 2015 data using the new process. The new data for 2015 was presented in the 2016 Sustainability Progress Report as well as 2016. It did not change general trends in the health and safety area. To see more go to question [403-2](#).

102-49

Significant changes in the company

Cummins in 2016 completed the formation of the company's Power Systems segment introduced in last year's report, bringing together Cummins former Power Generation and High Horsepower businesses. In many ways, it was a natural restructuring of the company. Approximately 60 percent of Cummins' high horsepower engines are used in the company's power generation products. The move was designed to create efficiencies in the new segment's supply chain and streamline the process for bringing new ideas to market. To learn more go to page 10 of the 2016 [Annual Report on the 10-K Form](#). The company also completed purchasing the remaining interest in its last two partially owned North American distributors as part of a plan to work even more closely with its customers.

102-50

Reporting period

This report covers the 2016 calendar year.

102-51

Date of the report

This report was posted on June 29, 2017.

102-52

Reporting cycle

Annual

102-53

Report contact

Blair Clafin, Director –
Sustainability Communications.
blair.clafin@cummins.com

102-54

Category of reporting

This report has been prepared in accordance with the GRI Standards: Core option.

102-56

External assurance

Cummins' financial data is audited by PricewaterhouseCoopers LLP. The environmental, corporate responsibility, safety and governance data has been assured by Bureau Veritas. Bureau Veritas' assurance letters are included on [page 45](#).

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201-2

Impact of climate change

Climate change presents both risk and opportunity for Cummins. For example, 45 percent of the company's water use is in water stressed areas (see page 28 of the [Sustainability Progress Report](#), potentially impacting the company's supply chain. It's an opportunity, however, in that companies wanting to do business in countries that want to reduce their production of greenhouse gases may well choose to use clean, efficient Cummins products.

Chairman and CEO Tom Linebarger told the [2015 BSR Conference](#) that countries don't need to choose between industrial growth and pollution. Cummins stands ready to show them how, but strong, clear and enforceable emissions regulations are critical.

201-3

Defined benefit plan

Cummins believes strongly that sustainability begins with solid financial performance. Without that, a company doesn't have the resources to tackle other sustainability initiatives. Cummins' sustainability initiatives are built on a foundation of solid financial performance. That includes the company's pension obligations. To learn more, see pages 31, 54 and 57 of the company's 2016 [Annual Report on the 10-K Form](#).

202-2

Proportion of senior management from local community

As a global company, Cummins tracks leadership by country of birth. The company wants to make sure our management reflects the markets where we do business and isn't concentrated in one or two countries. Between 2009 and 2016, the number of Cummins leaders born in the United States shrunk from more than 60 percent to about 55 percent. To learn more, see the chart on [page 12](#).

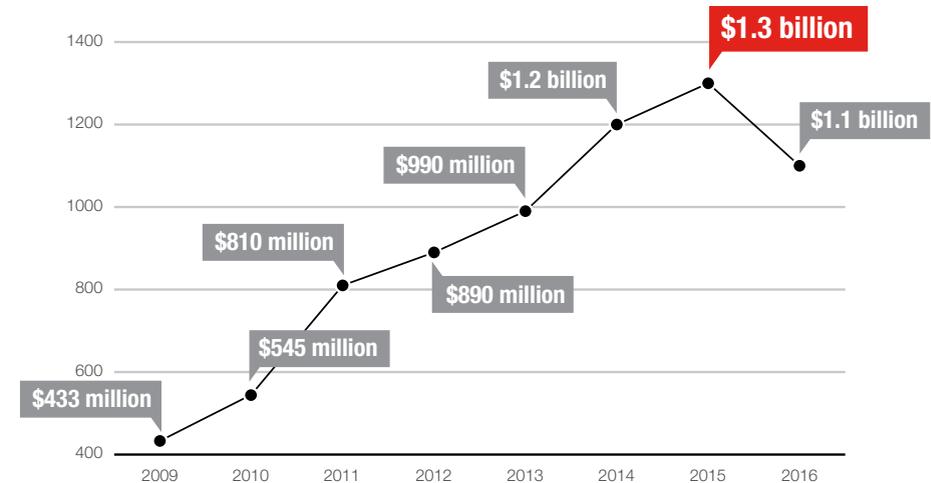
204-1

Procurement practices re: local companies

As a global company, defining "local" is difficult. Cummins puts a special emphasis on diversity procurement. In August 2016, Cummins was inducted into the Billion Dollar Roundtable, a prestigious advocate for best practices in corporate supplier diversity. Members must have exceeded \$1 billion in annual spending with [diverse suppliers](#). There are only 22 corporations in the group, which includes Ford, P&G and Microsoft. Despite tough market conditions, Cummins reached \$1.1 billion in spending with diverse and small business suppliers in the United States in 2016. That compares to \$1.3 billion in 2015 and \$1.2 billion in 2014.

SPENDING ON DIVERSE SUPPLIERS

2016 was a banner year for Cummins' diversity procurement team. The company was inducted into the Billion Dollar Roundtable, a prestigious advocate for best practices in corporate supplier diversity. Members must have exceeded \$1 billion in annual spending with diverse suppliers. Here's a look at the total amount of money Cummins spent in the U.S. with diverse suppliers in eight categories*.



*The eight categories are: Minority Business Enterprises; Women Business Enterprises; Veteran Owned Businesses; Service-Disabled Veterans; Lesbian, Gay, Bisexual and Transgender (LGBT) Suppliers; SBA Small Disadvantaged Businesses; HUBZone Small Business Concerns and Philanthropic Suppliers.

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205-1

Operations assessed for risks related to corruption

Cummins assesses ethics related risk as much by position as by facility. The company offers more than a dozen ethics and compliance training courses, which can be mandatory for people working in certain occupations. Anti-corruption training has been rolled out to the vast majority of employees and contractors and the company is working on expanding training in the company's joint ventures. To learn more about the company's efforts, go to the Ethics & Compliance section on page 55 of the company's [2016 Sustainability Progress Report](#).

205-2

Communication and training re: ethics and compliance policies

In 2016, 22,618 employees and officers, including all members of the Board of Directors, completed Cummins' annual Ethics Certification. That compares to 20,577 in 2015. Internal Audit and the Cummins legal staff reviewed any exceptions

to ensure they were documented and investigated. Since anti-bribery training started in 2005, 98 percent of the nearly 28,000 Cummins employees targeted for the training have completed it. For other trainings, see the chart to the right. The Vice President of Ethics and Compliance speaks extensively on the topic and writes a blog on the corporate intranet website. Company leaders also reach out to employees on the subject, often speaking in their native languages. Ethics and Compliance has focused on increasing face-to-face training in high risk countries. In 2016, more than 1,400 people attended face-to-face training sessions across Cummins. Cummins' Board of Directors is periodically updated on the company's ethics and compliance efforts, including an annual briefing from the Ethics and Compliance function. To learn more about the company's efforts, go to the Ethics and Compliance section on page 55 of the company's [2016 Sustainability Progress Report](#).

COMPLIANCE TRAINING

Thousands of employees receive ethics and compliance training every year at Cummins. These figures are accumulated enrollments of active employees since 2005, when the oldest courses were first offered. The completion rates reflect the number of completions by the end of the first quarter of 2017.

TRAINING	ENROLLED	COMPLETED	PERCENT COMPLETED
Anti-Bribery	27,776	27,137	98 percent
Anti-Bribery Refresher	25,791	24,508	95 percent
Careful Communications	27,776	27,143	98 percent
Code of Business Conduct Refresher 2017	29,446	22,072	75 percent
Conflicts of Interest	656	582	89 percent
Data Privacy	7,206	6,529	91 percent
Doing Business Ethically	27,776	27,098	98 percent
Export Compliance 2016	26,177	22,300	85 percent
Treatment of Each Other at Work (Refresher)	21,914	20,866	95 percent
Fair Labor Standards	695	684	98 percent
Code of Business Conduct – New Hire	51,342	48,815	95 percent
Treatment of Each Other at Work – New Hire	51,342	48,809	95 percent
Fair Competition 2016	26,938	17,903	66 percent

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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.

N. Thomas Linebarger

Chairman & CEO

May 7, 2015

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Materials used by weight or volume.

Cummins estimates 95 percent of the materials used to produce the organization's primary products are non-renewable (metals, oil, plastic) and 5 percent are renewable (rubber, paper, wood).

Cummins estimates it uses 692,216 metric tons of metal for one year's production.

301-2

Recycled input materials used

We know that 95 percent of our products are made from metal and that six major metals (pig iron, steel, copper, platinum group metals, nickel and aluminum) comprise 90 percent of our metal spend. Applying industry averages regarding use of recycled metal, we estimate that between 20-40 percent of our input materials are from recycled materials.

301-3

Percentage of products sold and their packaging materials that are reclaimed by category.

Since 95 percent of Cummins products are made of metal, many of its components are inherently recyclable.

Cummins' remanufacturing business is the company's first and oldest "green business" and the ultimate form of the "three Rs" – reduce, reuse and recycle. Remanufacturing returns Cummins' engines and parts to productive use, keeping them out of landfills longer. In addition, the practice saves energy that would otherwise be used to manufacture new products.

Specifically within the remanufacturing business, 90 percent of products sold are returned to be remanufactured. The company estimates that approximately 5 percent of Cummins total products sold (not all are candidates for remanufacture) are returned to be remanufactured. Some countries do not permit the sale of remanufactured items. Others will only allow remanufactured items to be sold in the country of their original manufacture. In still other cases, Cummins engines and components are remanufactured by other third parties. See more on the company's commitment to [product stewardship](#).

To further enforce its product safety policy, Cummins has a set of standardized corporate and local policies and procedures in order to meet the company's Corporate Product Safety Policy. Each Cummins business unit has a Product Safety Committee that is accountable for applying the policies and procedures in its area. These Product Safety Committees integrate into the Corporate Product Safety Council, which is managed by the corporate Director of Product Safety. This network allows for collaboration and rapid communication on safety-related matters.

In compliance with the company's Product Safety Policy in 2016, Cummins voluntarily initiated eight product safety campaigns, impacting approximately 9,000 Cummins engines and/or Cummins components. These campaigns were reported to the relevant public agencies as required by applicable laws and improvements were made on each of the Cummins products at issue.

ABOUT REMANUFACTURING

- » **Percent of an engine that can be remanufactured**
85 percent
- » **GHGs avoided per year**
200 million pounds = ~90,700 metric tons
- » **Amount of material reclaimed**
60 million pounds = ~27,000 metric tons
- » **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

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Energy consumption within the organization.

See table on page 16 of the [2016 Sustainability Progress Report](#) and the charts to the right.

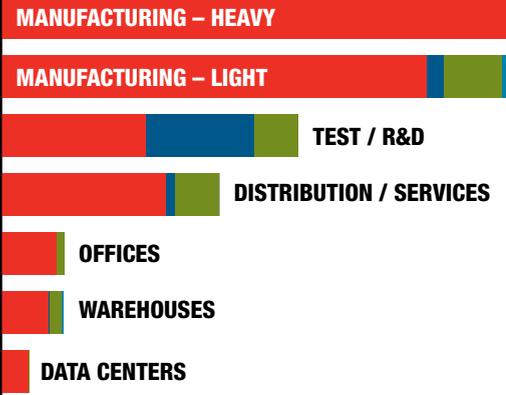
302-2

Energy consumption outside of the organization.

See [2017 CDP Climate Change Report](#) question 14 posted on our Sustainability page.

ENERGY USE BY FACILITY TYPE

in millions of British thermal units



Facility Type	Purchased Electricity*	Diesel	Natural Gas	Other fuels	On-site Renewable Electricity*
Manufacturing – Heavy	5,003,280	1,026,543	709,884	43,758	13,663
Manufacturing – Light	2,218,687	85,277	304,647	25,814	487
Test / R&D	755,459	563,936	227,304	1,786	-
Distribution / Services	859,666	46,219	228,618	4,913	24
Offices	288,642	4,158	37,780	4	184
Warehouses	248,496	2,609	66,632	5,408	1,559
Data Centers	144,967	137	5	-	-

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

ASSURANCE

Since 2011, Bureau Veritas (BV) has audited Cummins' environmental footprint and data collection and verification processes. BV's audit included GHGs, water used, landfilled waste and recycled materials. BV provided an audit report with "limited independent assurance," which is included as part of Cummins' CDP (previously Carbon Disclosure Project) submissions.

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

ENERGY USE BY FUEL TYPE

in millions of British thermal units

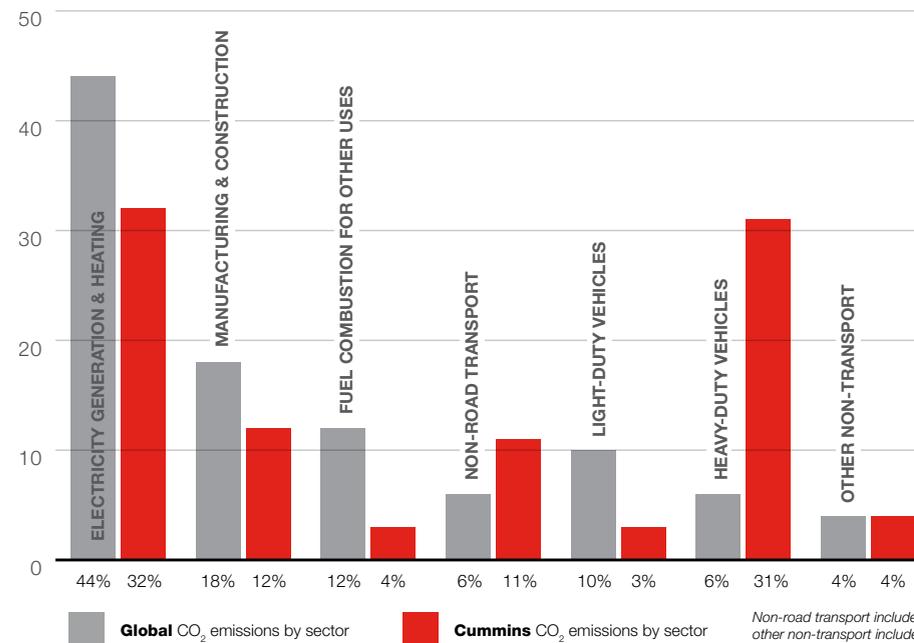
Includes all consolidated operations and joint ventures subscribing to the Enterprise Environmental Management System.

United States	2012*	2013*	2014*	2015*	2016*
Diesel	810,608	876,011	954,603	1,002,861	1,031,038
Natural gas	938,859	1,152,396	1,209,263	1,142,814	1,143,294
Other fuels	12,915	13,068	49,426	37,547	19,401
Purchased electricity*	4,853,545	4,929,914	5,227,521	5,363,234	5,341,191
On-site renewable electricity*	-	-	-	4,575	7,682
U.S. Total Energy	6,615,927	6,971,388	7,440,813	7,551,031	7,542,604
Non-U.S.	2012*	2013*	2014*	2015*	2016*
Diesel	833,120	772,757	778,660	812,268	697,841
Natural gas	418,801	438,960	431,321	448,916	431,576
Other fuels	97,121	96,540	74,000	47,494	62,282
Purchased electricity*	3,758,164	3,799,708	4,013,876	4,067,419	4,178,006
On-site renewable electricity*	-	537	565	576	8,234
Non-U.S. Total Energy	5,107,205	5,108,501	5,298,422	5,376,673	5,377,940
Total primary energy use	11,723,132	12,079,890	12,739,235	12,927,704	12,920,544

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

CUMMINS PRODUCT CO₂ EMISSIONS COMPOSITION

compared with global CO₂ emissions



Approximately two-thirds of Cummins CO₂ emissions from our products in use come from generators and heavy-duty engines.

Non-road transport includes locomotive and marine; other non-transport includes defense and agriculture.

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ENVIRONMENTAL GOALS UPDATE

Here's a look at Cummins' progress toward its environmental goals.

KEY INDICATORS

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

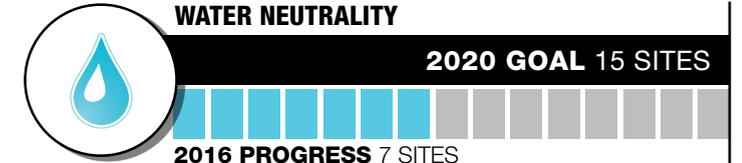
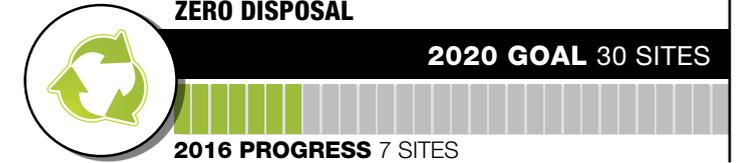
ENVIRONMENTAL PERFORMANCE	2013	2014	2015	2016
Energy consumption (thousands of MMBtu) ¹	12,080	12,739	12,928	12,921
GHG emissions (thousands of metric tons CO ₂ e)	750	788	775	765
Generated waste (thousands of metric tons)	177	183	191	190
Disposed waste (thousands of metric tons)	20	18	18	21
Recycled waste (thousands of metric tons)	157	166	173	169
Recycling rate (%)	89	90	90	89
U.S. hazardous waste (metric tons)	85	92	78	63
Water use (millions of gallons)	958	972	947	934
Enterprise ISO 14001 certified entities				108 ²
Manufacturing sites certified to ISO 14001 / OHSAS 18001 (%)				96
Energy intensity reduction since 2010 (%) ^{3,4}	14	19	24	24
GHG intensity reduction since 2010 (%) ^{3,4}	17	22	29	30
Water intensity reduction since 2010 (%) ³	28	35	41	42
Net sales (millions U.S. dollars)	17,301	19,221	19,110	17,509

¹ Primary energy excludes sold electricity and associated fuel usage

² Representing 372 HSEMS sites / corporate offices

³ Intensity defined as adjusted for sales (energy / GHG) or hours worked (water)

⁴ Energy and GHG intensity reduction includes consolidated entities only



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Reduction of energy consumption.

See [2017 CDP Climate Change Report](#) question 3.3 posted on our Sustainability page.

302-5

Reductions in energy requirements of products and services.

See pages 16 and 19 of the Cummins [2016 Sustainability Progress Report](#).

303-1

Total water withdrawal by source.

306-5

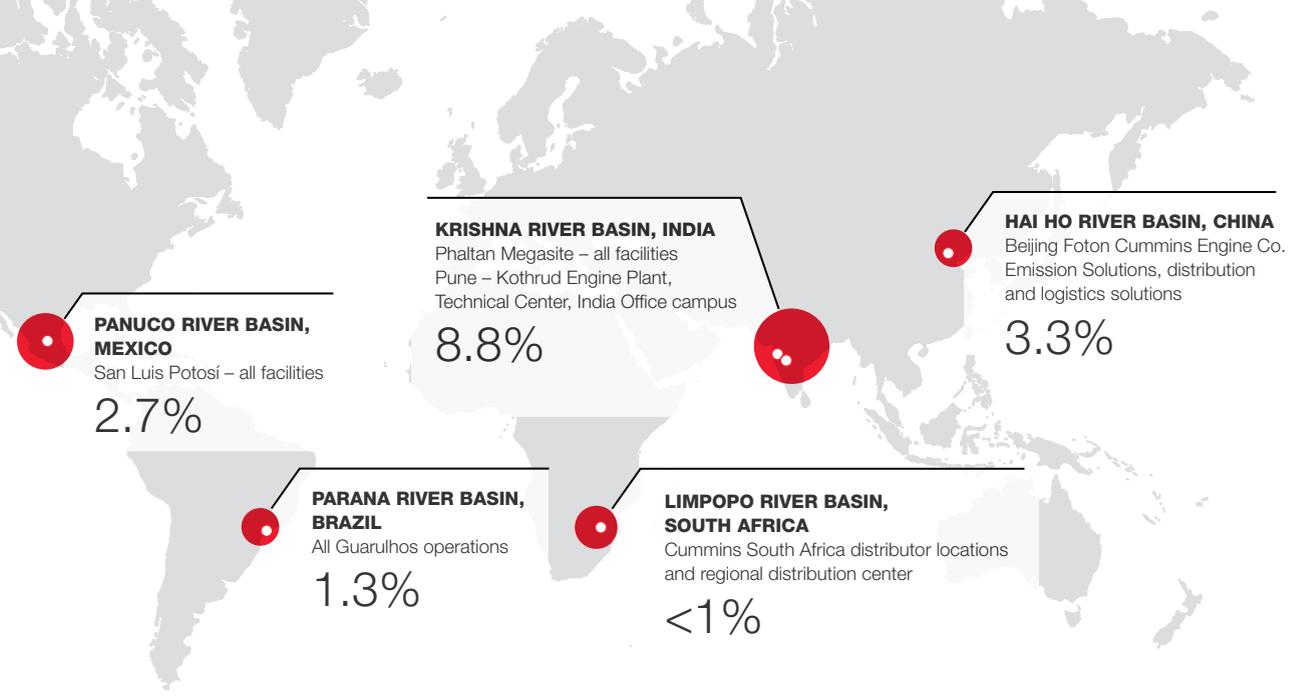
Water sources significantly affected by withdrawal of water.

See water strategy on page 26 of the [2016 Sustainability Progress Report](#) and Cummins performance relative to its water goals on page 10 in the same document and the charts and graphics to the right.

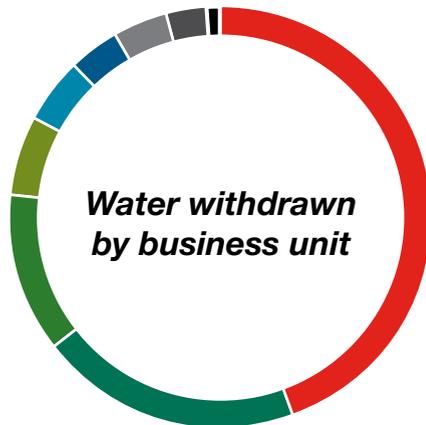
WATER RISKS

These are the five most water-stressed river basins in the regions where Cummins has operations. Each falls within the company's priority regions for achieving water neutrality (see page 15 of the [2016 Sustainability Progress Report](#)). Overall, 45 percent of Cummins' water use is in water-stressed areas.

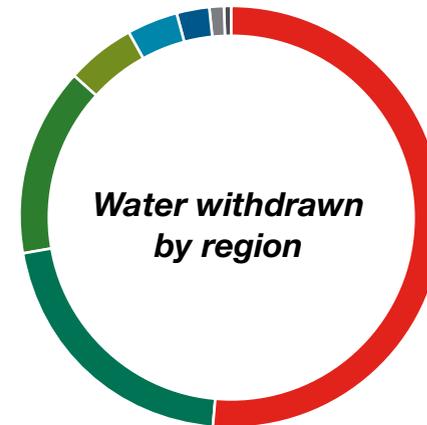
The size of the dot represents the size of the water basin in a particular region. The percentages refer to the amount of water removed relative to Cummins' total water use.



WATER WITHDRAWN BY BUSINESS UNIT AND BY REGION



EBU	44%
PS & CGT	20%
DBU	12%
CF	6%
CEFS	5%
CSS	4%
NRP & CSCO	4%
CTT	3%
CES	1%



North America	52%
China	21%
India	14%
Latin America	5%
Europe	4%
Asia Pacific	3%
Africa	1%
Middle East	<1%

GRI STANDARDS

GENERAL DISCLOSURES

TOPIC-SPECIFIC STANDARDS

ECONOMIC

ENVIRONMENTAL

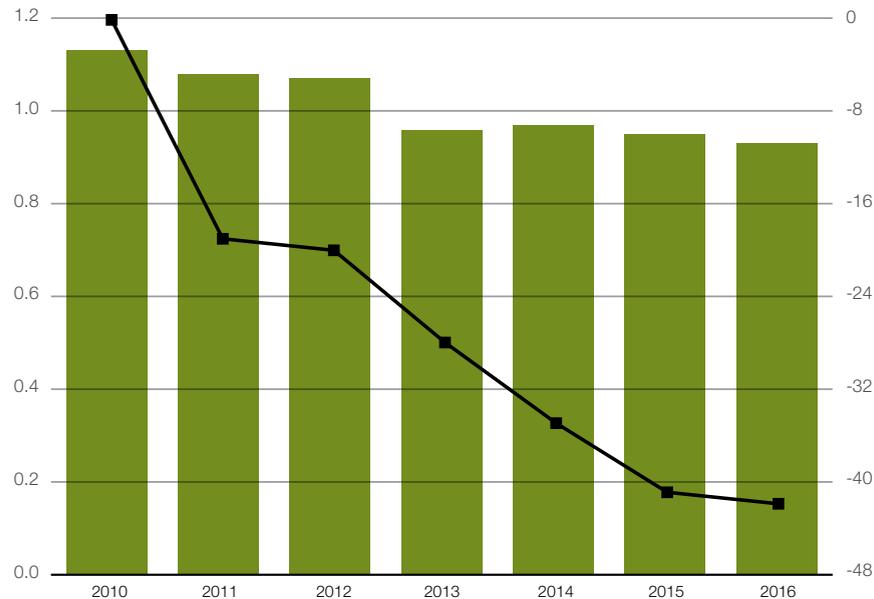
SOCIAL

2016 WATER INDICATOR DATA

	in gallons	in mega liters	
Water recycled and reused	14,174,838	53.7	Reuse and Recycle
Fresh surface water	53,983,968	204.4	Discharges
Municipal Treatment Plant	442,436,177	1,674.8	
Wastewater for another organization	8,110,541	30.7	
Aquifer Recharge	98,703,629	373.6	
Groundwater (renewable)	59,750,109	226.2	Withdrawals
Municipal supply	873,157,048	3,305.3	
Rain Water	1,321,256	5.0	
Consumption	279,150,221	1,056.7	Consumption

WATER USE AND INTENSITY CHANGE FROM BASELINE

in million gallons



2010	1.13 M	2013	.96 M
2011	1.08 M	2014	.97 M
2012	1.07 M	2015	.95 M
		2016	.93 M

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

EXPLAINING WATER NEUTRAL AND ZERO DISPOSAL

WATER NEUTRAL

ZERO DISPOSAL

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

02 Protects the environment and the communities where the company operates

03 Completes annual validation reviews (new and renewal sites)

Successfully offsets 100 percent of its water consumption within the community.

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

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

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

GRI STANDARDS

GENERAL DISCLOSURES

TOPIC-SPECIFIC STANDARDS

ECONOMIC

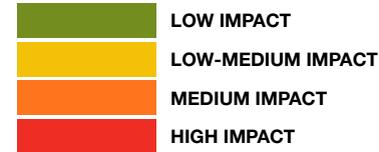
ENVIRONMENTAL

SOCIAL

304-1

Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas

Cummins evaluated 121 global sites in its biodiversity hot spot analysis. Of those sites, 15 sites were identified as high priority based upon a composite average of all data sources above a certain point. It is important to note that while the majority of sites are not located directly within biodiversity hotspots, especially with the relatively urban or developed locations of many Cummins facilities, a conservative approach was utilized to help Cummins prioritize where their operations could positively or negatively interact (or be perceived by stakeholders to interact) with defined biodiversity hotspots.



CUMMINS BIODIVERSITY HOTSPOTS

Site name	Country	WRI Baseline Water Stress	Conservation International Biodiversity Hotspot	IUCN Threatened Amphibians	Alliance for Zero Extinction	WWF 2020 Priority Places	Ramsar Wetlands
CPG India - Pirangut	India	High Impact	High Impact	Low-Medium Impact	High Impact	High Impact	Low Impact
Singapore Data Center	Singapore	High Impact	High Impact	Low Impact	Low Impact	High Impact	Medium Impact
Parts Distribution Center Singapore	Singapore	High Impact	High Impact	Low Impact	Low Impact	High Impact	Medium Impact
Cummins Global Logistics Xi'an	China	High Impact	Low Impact	Medium Impact	High Impact	High Impact	Low Impact
Xi'an Cummins Engine Co., China	China	High Impact	Low Impact	Medium Impact	High Impact	High Impact	Low Impact
Cummins Filtration - Kilsyth	Australia	Medium Impact	Low Impact	Low Impact	Low-Medium Impact	Medium Impact	High Impact
Cummins Filtration - San Luis Potosí	Mexico	High Impact	Low Impact	Low-Medium Impact	Low-Medium Impact	Low-Medium Impact	High Impact
New Recon & Parts SLP, Mexico	Mexico	High Impact	Low Impact	Low-Medium Impact	Low-Medium Impact	Low-Medium Impact	High Impact
CFBU Turkey	Turkey	Low-Medium Impact	High Impact	Low Impact	Low Impact	High Impact	Medium Impact
CPG China	China	Low-Medium Impact	Low Impact	Low-Medium Impact	High Impact	High Impact	Low Impact
Bogota Regional Distribution Center	Colombia	Low Impact	High Impact	Low Impact	High Impact	High Impact	Low Impact
Cummins Global Logistic SLP	Mexico	High Impact	Low Impact	Low Impact	Low-Medium Impact	Low-Medium Impact	High Impact
Cummins India Office Campus	India	Medium Impact	Low Impact	Low-Medium Impact	High Impact	High Impact	Low Impact
Cummins India Limited, India	India	Medium Impact	Low Impact	Low-Medium Impact	High Impact	High Impact	Low Impact
Cummins Fuel System Juarez (JFS)	Mexico	Medium Impact	Low Impact	Low-Medium Impact	Low Impact	High Impact	Medium Impact

GRI STANDARDS

GENERAL
DISCLOSURES

TOPIC-SPECIFIC STANDARDS

ECONOMIC

ENVIRONMENTAL

SOCIAL

305-1

Direct greenhouse gas (GHG) emissions (Scope 1).

305-2

Energy indirect greenhouse gas (GHG) emissions (Scope 2).

See graphics to the right.

DIRECT AND INDIRECT EMISSIONS

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

U.S. EMISSIONS					
DIRECT	2012	2013	2014	2015	2016
Stationary combustion	110,222	126,929	138,097	137,152	138,453
Mobile sources	12,644	13,016	23,739	21,274	36,138
Process / fugitive	3,525	3,599	3,697	4,259	4,827
Generation of sold electricity	0	0	0	0	0
Total Direct Emissions	126,391	143,545	165,533	162,684	179,418
INDIRECT EMISSIONS					
Electricity	284,004	289,513	306,181	287,360	283,602
Hot water				15	1
Total Indirect Emissions	284,004	289,513	306,181	287,375	283,603
DIRECT + INDIRECT					
Total U.S. Emissions	410,395	433,057	471,714	450,059	463,021
NON-U.S. EMISSIONS					
DIRECT	2012	2013	2014	2015	2016
Stationary combustion	85,554	82,396	82,191	85,271	75,557
Mobile sources	17,015	17,075	20,469	17,199	21,284
Process / Fugitive	6,945	8,187	9,509	9,839	10,577
Generation of sold electricity	18,429	18,880	14,857	17,199	17,049
Total Direct Emissions	127,943	126,538	127,026	129,509	124,467
INDIRECT EMISSIONS					
Electricity	232,573	232,264	244,093	247,412	247,587
Hot water	919	677	344	183	113
Steam	5,149	5,960	4,198	2,627	4,401
Total Indirect Emissions	238,640	238,901	248,635	250,222	252,100
DIRECT + INDIRECT					
Total Non-U.S. Emissions	366,583	365,439	375,661	379,731	376,567

TOTAL U.S. EMISSIONS AND NON-U.S. EMISSIONS					
DIRECT	2012	2013	2014	2015	2016
Stationary combustion	195,775	209,324	220,288	222,243	214,010
Mobile sources	29,660	30,092	44,208	38,473	57,423
Process / Fugitive	10,470	11,786	13,206	14,098	15,403
Generation of sold electricity	18,429	18,880	14,857	17,199	17,049
Total Direct Emissions	254,333	270,083	292,559	292,193	303,885
INDIRECT EMISSIONS					
Electricity	516,577	521,776	550,273	534,772	531,189
Hot water	919	677	344	198	114
Steam	5,149	5,960	4,198	2,627	4,401
Total Indirect Emissions	522,644	528,414	554,816	537,582	535,703
DIRECT + INDIRECT					
Total Emissions	776,977	798,496	847,375	829,790	839,589

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	2012	2013	2014	2015	2016
NOx (Metric Tons)	3,460	3,515	3,695	3,851	3,674
CO (Metric Tons)	759	774	813	846	808
PM 10 (Metric Tons)	236	238	251	262	250
VOC (Metric Tons)	877	754	772	695	716
Direct (gigajoules)					
Diesel	1,734,016	1,748,156	1,837,744	1,924,545	1,833,096
Natural gas	1,432,331	1,680,513	1,735,877	1,684,185	1,666,345
Propane	46,747	39,699	78,119	56,593	34,011
Indirect					
Electricity (gigajoules)	3,028,910	3,070,382	3,250,384	3,316,949	3,342,494
Electricity (Kwh)	841,415,179	852,883,970	902,884,446	921,374,795	928,470,534

GRI STANDARDS

GENERAL
DISCLOSURES

TOPIC-SPECIFIC STANDARDS

ECONOMIC

ENVIRONMENTAL

SOCIAL

305-3

Other indirect greenhouse gas (GHG) emissions (Scope 2)

Please see the [2017 CDP Climate Change Report](#) on question 10 posted on our Sustainability page.

305-4

GHG emissions intensity ratio.

Please see the [2017 CDP Climate Change Report](#) on question 12 posted on our Sustainability page.

305-5

Reduction of greenhouse gas (GHG) emissions intensity.

See Cummins' response to question 3.3 in the company's [2017 CDP Climate Change Report](#) posted on our Sustainability page and Cummins' report on its progress against its waste, water and energy goals starting on page 14 of the [2016 Sustainability Progress Report](#) posted in the same location.

305-6

Emissions of ozone-depleting substances (ODS).

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

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

305-7

NOx, SOx and other significant air emissions.

Cummins uses AP 42 factors for the respective fuel usage (diesel, natural gas, propane and gasoline) to calculate the NOx, CO and PM. For volatile organic compounds (VOC), sites report directly.

Cummins does not calculate SOx.

2016 calculated air emissions are as follows:

- » NOx associated with Diesel, NG, Propane and Gasoline usage – 8,099,345 lbs
- » CO associated with Diesel, NG, Propane and Gasoline usage – 1,780,802 lbs
- » PM associated with Diesel, NG, Propane and Gasoline usage – 550,543 lbs

POP and HAP are not significant air emissions from Cummins operations.

CONFLICT MINERALS

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

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

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

To learn more, see Cummins' policy summary on [conflict minerals](#) and the company's [most recent report](#) to the SEC in the United States. There's more on materials compliance on page 23 of the [2016 Sustainability Progress Report](#).

GRI STANDARDS

GENERAL DISCLOSURES

TOPIC-SPECIFIC STANDARDS

ECONOMIC

ENVIRONMENTAL

SOCIAL

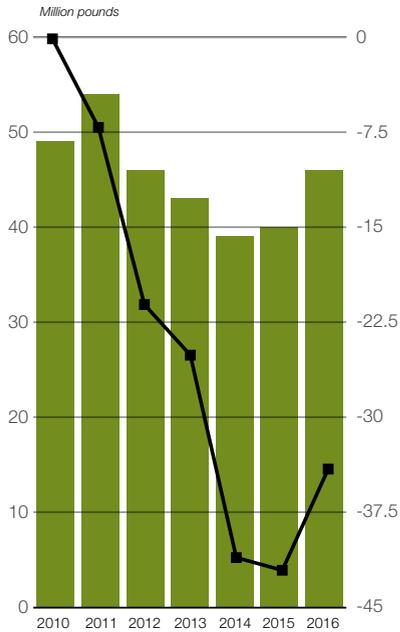
306-2

Total weight of waste by type and disposal method.

See graphics below and on following page.

TOTAL WASTE DISPOSED AND INTENSITY CHANGE FROM BASELINE

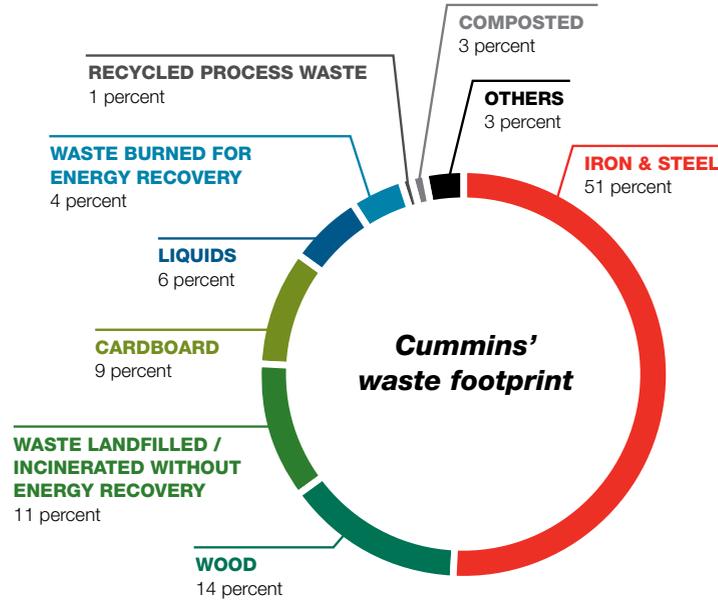
in million pounds



Year	Disposal (lb)	% change in waste disposal intensity from baseline
2010	49,284,016	0
2011	54,421,040	-7.5
2012	46,143,083	-22.5
2013	43,345,184	-30
2014	38,591,190	-37.5
2015	40,482,202	-45
2016	45,976,883	-37.5

CUMMINS' WASTE FOOTPRINT

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



RECYCLED METALS

in metric tons

RECYCLED METALS	2012	2013	2014	2015	2016
Iron and steel	97,472	99,006	102,619	94,738	96,276
Aluminum	1,022	995	814	850	804
Copper and brass	817	693	627	649	667
E-waste	82	75	76	103	102
RECYCLED NON-METALS	2012	2013	2014	2015	2016
Wood	24,755	20,580	22,720	32,487	27,905
Cardboard	16,372	15,106	16,008	19,199	18,146
Liquid Waste	10,776	8,839	9,842	11,216	10,671
Burned for energy recovery	4,306	4,403	5,595	7,348	8,415
Composted	Not tracked	5,171	4,410	1,722	1,422
Plastic	1,268	1,606	1,905	2,025	2,373
Office paper	710	889	833	960	1,000
Hazardous waste*	12	4	2	1	651
Other process derived industrial waste	Not tracked	Not tracked	Not tracked	999	902
Total Recycled Waste	157,592	157,365	165,452	172,297	169,334

* 2012-2015 Includes only US EPA RCRA Hazardous waste.

GRI STANDARDS

GENERAL DISCLOSURES

TOPIC-SPECIFIC STANDARDS

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SEVEN ZERO DISPOSAL SITES

Darlington Engine Plant (and operations), U.K.
 Cummins Power Systems, Daventry (and operations), U.K.
 Cummins Turbo Technologies, Huddersfield, U.K.
 Cummins Filtration, Quimper, France
 Cummins Global Logistics, Rumst, Belgium
 Cummins Global Logistics, Singapore
 Olympia Testing Center, Columbus, Indiana (U.S.A.)

SEVEN WATER NEUTRAL SITES

PHALTAN, INDIA "MEGASITE":

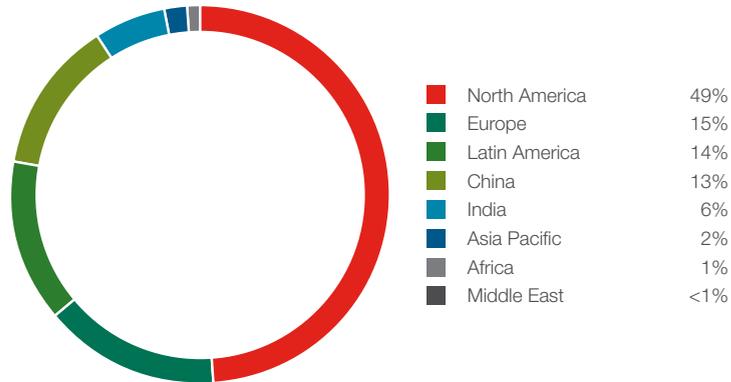
Tata Cummins Pvt Ltd 2
 Cummins Technologies India Limited, High Horsepower
 Parts Distribution Center
 Cummins Shared Services

PUNE, INDIA:

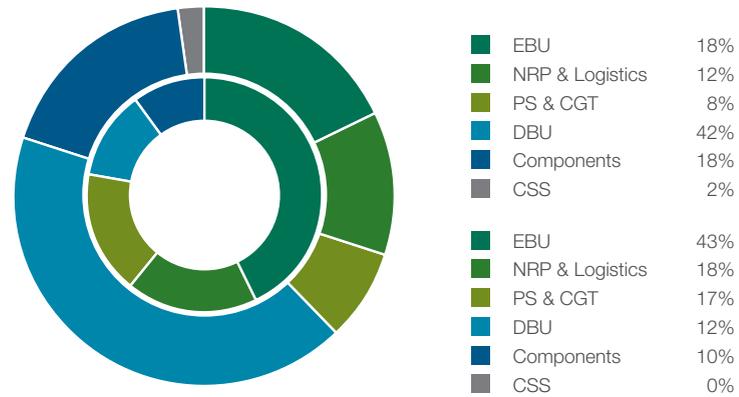
Kothrud Engine Plant
 Cummins India Technical Center
 India Office Campus



WASTE BY REGION



WASTE GENERATION AND DISPOSAL BY BUSINESS UNIT



GRI STANDARDS

GENERAL DISCLOSURES

TOPIC-SPECIFIC STANDARDS

ECONOMIC

ENVIRONMENTAL

SOCIAL

306-4

Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention² Annex 1, II, III, and VIII, and percentage of transported waste shipped internationally.

Cummins is unable to uniformly track its hazardous waste internationally because of lack of conformity surrounding definition. The company does, however, comply with all regulations in the countries where it operates.

306-5

Identify, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.

Cummins is unaware of any such discharges.

307-1

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

CUMMINS BRIDGEWAY DISTRIBUTOR BRANCH

The Grand Rapids, Michigan branch of a Cummins distributor shipped a fuel pump that leaked residual diesel fuel onto the box in which it was packed. This leakage was detected by the air freight company and reported to the Federal Aviation Administration (FAA). Cummins Bridgeway was issued a fine in 2015 of \$32,000 (consequently paid in early 2016) for not complying with FAA regulations for air shipment of hazardous material.

CUMMINS EMISSIONS SOLUTIONS – STOUGHTON, WISCONSIN

Cummins Emissions Solutions was issued a fine of \$20,000 in November 2015 (consequently paid in January 2016) for the Stoughton, Wisconsin facility's failure to comply with the size of engine permitted for testing in the site's test cells and related reporting requirements.

JAMESTOWN ENGINE PLANT

In July 2014, the Cummins Jamestown Engine Plant voluntarily disclosed to the EPA regarding 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 secbutyl alcohol for 2012. After a full review of Cummins' voluntary disclosure documentation, the EPA agreed to a 75 percent mitigation of penalties under the Audit Policy guidelines. The final settlement was \$54,200.

	2013	2014	2015	2016
Number of violations of legal obligations / regulations	0	1	2	0
Amount of fines/penalties related to above	\$0	\$54,200	\$52,000	\$0
Environmental liability accrued at year end	0	\$54,200	\$52,000	\$0

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 to the left refers only to Cummins facilities. This definition is essentially in line with the GRI G4 Sustainability Reporting Guidelines definition of environmental laws and regulations. It 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.

GRI STANDARDS

GENERAL DISCLOSURES

TOPIC-SPECIFIC STANDARDS

ECONOMIC

ENVIRONMENTAL

SOCIAL

308-1

Percentage of new suppliers that were screened using environmental criteria.

Cummins uses environmental data for indirect supplier selection. In its requests for proposal, the company asks specifically if they measure and trend GHG and about climate change strategy. 100 percent of global indirect suppliers are asked these questions. Cummins uses the answers to these questions as a measure of supplier maturity in this area.

Cummins spends approximately \$1 billion per month in goods and services with its supplier partners. This translates into thousands of tons of material, which must be mined, milled, packaged and shipped to the company's facilities. Therefore being good stewards of Cummins' spend means taking responsibility for the environmental footprint of the company's supply chain.

With that in mind, Cummins has introduced five initiatives as expectations of its supply base. Cummins currently maintains policies and procedures to support these initiatives and has also established goals that suppliers are expected to join the company in achieving.

The company is introducing its goals to the top suppliers by spend. They are the approximately top 250 suppliers, which represent about 50 percent of Cummins' direct material spend. The company is setting the expectation that these suppliers comply with the company's transportation management programs, its disposable packaging waste requirements, Cummins' responsible mineral sourcing requirements, prohibited materials disclosures, and participate in energy/water management programs to reduce their consumption and costs. The company gives them the tools to meet its requirements and provides an email address (supplier.compliance@cummins.com) so that they may ask questions as necessary.

HSE MANAGEMENT SYSTEM

This section provides more details about the HSE Management System (HSEMS) as mentioned in the 2016 Sustainability Progress Report.

The company expects all sites to comply with its policy, procedures and initiatives. Broad objectives and targets are set at the corporate level to establish direction for critical corporate initiatives. Cummins' 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.

Cummins policies apply to more than just its employees, extending to contingent workers, suppliers, contractors and even customers working at company facilities. Cummins' expectations also extend beyond the company's physical boundaries, encompassing maintenance and support services that occur at off-site locations. Cummins strategically drives certification to recognized international standards. Since 2003, the company has focused on its manufacturing locations with 96 percent of manufacturing sites certified to ISO14001 and OHSAS 18001. By 2017, Cummins expects the HSEMS Enterprise to consist of dual-certified sites, representing 100 percent of the company's manufacturing and distribution locations. By the end of 2016, the company's independent auditor certified 108 entities, representing 372 sites and corporate offices as part of the HSEMS. Cummins' HSEMS scope has been extended to encompass manufacturing joint ventures and distributors. They are committed to registering their sites by the end of 2017.

By incorporating practices and procedures into the HSEMS to meet the new ISO 50001 Energy Management Standard, Cummins has delivered a common global approach to make energy efficiency a standard practice across the company. 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. At the global level, 18 sites obtained the ISO 50001 energy efficiency certification including two sites certified to the Superior Energy Performance Standard (ANSI/MSE 50021). Fourteen more sites are working on their ISO 50001 implementation, with a certification target by end of 2017.

GRI STANDARDS

GENERAL
DISCLOSURES

TOPIC-SPECIFIC STANDARDS

ECONOMIC

ENVIRONMENTAL

SOCIAL

SOCIAL STANDARDS

HEALTH AND SAFETY

403-1

Worker representation in safety programs

Cummins does not have worker representation on the corporate leadership committee that oversees health and safety at the company. However, most Cummins' sites have health and safety committees that include significant workforce representation as part of Cummins' efforts to make safety personal to its employees. That's critical to the company's efforts to create a culture of interdependency where everyone looks out for one another. It's led to significant safety improvements in areas such as Cummins' Distribution Business. See the short story that ran on the company's internal website to the right:

LEADER HONORED FOR SIGNIFICANT IMPROVEMENT IN DISTRIBUTION BUSINESS SAFETY

Editor's Note: The Miller Award is one of the highest honors Cummins can bestow on its employees. New awards were announced last month at the 2017 Management Conference in Indianapolis, Indiana (U.S.A.). Cummins Connect is doing a series of stories on the winners.

The Distribution Business has seen a major change in its safety culture and the proof is in the numbers.

The segment's Incidence Rate is down four-fold from its peak. Major injuries are down 80 percent from their high and Lost Work Days have been reduced by over 2,000 days per year.

A lot of those improvements are credited to a team effort to change the safety culture in the Distribution Business led by Miller Award honoree Adam Tucker, the segment's Health, Safety and Environment Leader from 2008 through 2015.

"Working with leaders in our safety function and others, he spent time poring through data, analyzing incidents, assessing leadership focus and capability, and learning how to most effectively champion change," said Distribution Business President Tony Satterthwaite in presenting the Miller Award to Tucker.

With the acquisition of the North American distributors unfolding, it was not the easiest time to implement such a change. But Cummins leaders knew improving safety was something too important to wait.

Supported by new training and other steps, Tucker and his team began building a culture of interdependency, where employees look out for their own safety and the safety of their co-workers to ensure everyone returns home safely from work at the end of their shift.

"Of course even one injury is too many, but I'm proud to say the culture in the Distribution Business is definitely changing," Satterthwaite said. "I think leaders always cared about safety, but today they know they're empowered to build and maintain a safe environment for all employees.."

Satterthwaite said Tucker demonstrated precisely what the Miller Award is all about.

"To me, the Miller Award is a recognition of superior leadership," Satterthwaite said. "It is an acknowledgement of doing things the right way. It means never backing away from that which is hard."

GRI STANDARDS

GENERAL DISCLOSURES

TOPIC-SPECIFIC STANDARDS

ECONOMIC

ENVIRONMENTAL

SOCIAL

403-2

Injuries and injury rates

Cummins saw improvements in several key safety performance metrics in 2016, including a 20 percent increase in training hours for employees and an improving trend in both Major Injuries and Restricted Work Day cases. While Cummins made important strides in strategic as well as tactical areas of health and safety, the company did miss some aggressive goals in 2016 and saw a 3.5 percent increase in total recordable injuries globally. To learn more, see the Health & Safety section starting on page 38 of the [2016 Sustainability Progress Report](#). Also check out the charts on this page.

403-3

Work occupations with a high rate of injuries

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

CUMMINS HEALTH & SAFETY TRENDS

Cummins' Health & Safety team tracks a number of key performance indicators to evaluate how the company is doing. Here are four of those indicators.



	Severity Case Rate	Incidence Rate	Major Injury Rate	Ergo Incidence Rate
2016	0.225	0.627	0.041	0.158
2015	0.195	0.588	0.044	0.127
2014	0.187	0.610	0.043	0.149
2013	0.196	0.650	0.040	0.171
2012	0.191	0.690	0.035	0.173

*Because of changes made to improve the company's Health & Safety data collection, data for 2015 was recalculated. The revised 2015 data is presented here.

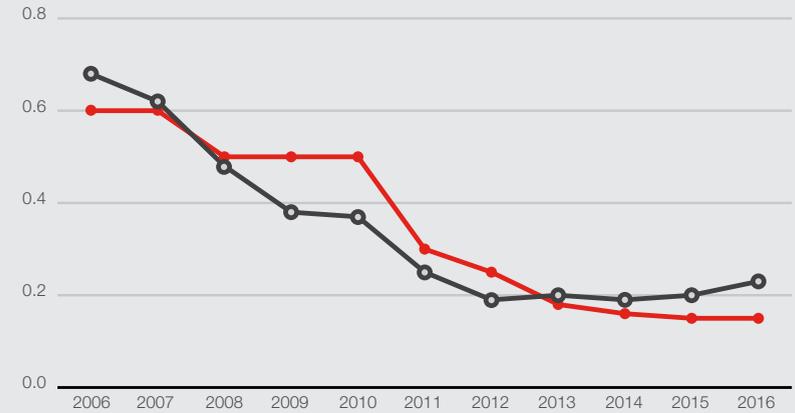
SAFETY PERFORMANCE INDICATORS



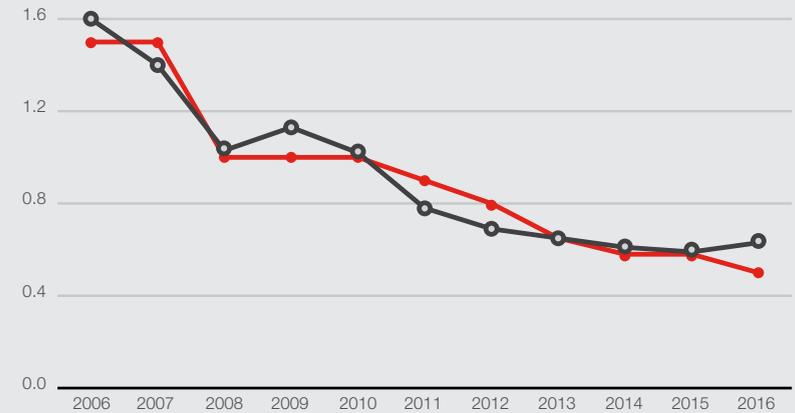
Here's a look at key trends in health and safety at Cummins since 2006.

Actual Target

SEVERITY CASE RATE



INCIDENCE RATE



The company's Severity Case Rate is calculated based on the number of injuries and illnesses resulting in lost work days per 100 employees. Cummins Incidence Rate is the relative number of recordable injuries and illnesses per 100 employees.

GRI STANDARDS

GENERAL
DISCLOSURES

**TOPIC-SPECIFIC
STANDARDS**

ECONOMIC

ENVIRONMENTAL

SOCIAL

BUILD A CAREER, NOT JUST A STOP ALONG THE WAY

Cummins provides employees with the tools and feedback necessary to build a career at the company.

COMPENSATION ← 01

Our compensation and benefits are designed to be competitive within the markets where we do business.

The company establishes wages independent of a person's gender or any other demographic trait.

02 →

TRAINING AND FEEDBACK

Cummins offers many opportunities to help employees master their current jobs and look ahead to their next positions. We provide the constructive feedback necessary to advance through a web-based tool and meaningful one-on-one conversations

← FLEXIBILITY 03

Career flexibility is important at the company. Employees can chart career paths interesting to them.

04 →

LEADERSHIP

Great leadership is especially critical. We work hard to develop leaders who have mastered key leadership skills.

TRAINING

404-1

Average training hours

This varies widely by job and the nature of the training, making it difficult to come up with a meaningful number for all of Cummins. For example, office and professional employees have easy access to the company's vast array of online training opportunities. The Cummins Learning Center offers online training in areas such as engineering, finance, Information Technology and more. The center also has mandatory trainings in ethics and compliance on topics such as conflicts of interest, import/export laws, the company's Business Code of Conduct and the Supplier Code of Conduct. Professional employees can also get in-person training in Six Sigma, the business problem solving tool used extensively at Cummins. And there are training opportunities for people interested in leadership positions at Cummins. Employees can also get Cummins-supported training at universities and colleges.

While shop employees don't have the same, easy access to online training, they get many hours of training on their job as well as safety training. More than 1.5 million hours were dedicated to safety training in 2016 compared to just under 1.3 million in 2015. Cummins' plants frequently send employees to community colleges and elsewhere for training on specific pieces of equipment.

404-2

Programs to upgrade skills

See answer to 404-1.

404-3

Percentage of employees who get performance reviews

All office and professional employees should get regular performance reviews regardless of gender. They receive training during onboarding on the company's OnTrack system. The web-based system is designed to ensure employees know what is expected of them. The system also guides the most important work conversation of all – the conversation between a manager and his or her employee. For more on Cummins approach to its workforce, refer to the diagram on this page.

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DIVERSITY AND INCLUSION

405-1

Diversity of governance bodies and employees

The Cummins Board of Directors, the company's top governance level, has two women, an African American, and two Latino men, within its ranks. Board members have a variety of backgrounds, ranging from a rocket scientist to a former U.S. Secretary of Labor to the president of a not-for-profit promoting the arts and learning for disadvantaged children. The board members range in age from 54 to 69. For more on their backgrounds, see page 10 the [2017 Proxy](#).

The definition of minority groups varies widely around the world. Cummins believes strongly in having a workforce that reflects the locations where it does business. The company pays particular attention to female representation and the "country of origin" of its workforce. See the chart on [page 12](#) of this report for more on the workforce's makeup or the section on Diversity and Inclusion starting on page 41 of the [2016 Sustainability Progress Report](#).

CUMMINS BOARD OF DIRECTORS



ROBERT J. BERNHARD

Vice President for Research and Professor of Engineering at the University of Notre Dame. He joined the Board in 2008.



BRUNO V. DI LEO

Senior Vice President, Global Markets, IBM Corporation, a global technology and consulting company. He joined the board in 2015.



DR. FRANKLIN R. CHANG DIAZ

Chairman and CEO of Ad Astra Rocket Company, a U.S. spaceflight engineering company. He joined the board in 2009.



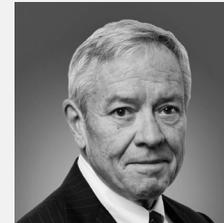
STEPHEN B. DOBBS

Retired Senior Group President of Fluor Corporation, which offers engineering, construction and project management services. He joined the board in 2010.



RICH J. FREELAND

President and Chief Operating Officer of Cummins Inc. He joined the board in 2017.



ROBERT K. HERDMAN

Managing Director of Kalorama Partners, LLC, a consulting company. He joined the board in 2008.



ALEXIS M. HERMAN

Chairman and CEO of New Ventures, LLC, a consulting company. She joined the board in 2001 and serves as its lead director.



N. THOMAS LINEBARGER

Chairman and CEO of Cummins Inc. He joined the board in 2009.



THOMAS J. LYNCH

Executive Chairman, TE Connectivity, a global provider of connectivity and sensor solutions. He joined the Board in 2015.



WILLIAM I. MILLER

President of the New York-based Wallace Foundation focused on K-12 education and the arts. He joined the Board in 1989.



GEORGIA R. NELSON

President and CEO of PTI Resources, LLC, an independent consulting firm. She joined the Board in 2004.

GRI STANDARDS

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NON-DISCRIMINATION

406-1

Code violations

Cummins reports the total number of reported violations of the company's Code of Business Conduct. To learn more, see the chart below.



MAINTAINING OUR CODE

A key part of creating the right environment for success is the ability to investigate complaints made about employees' treatment of each other. Cummins has Master Investigators around the world to investigate reported violations of the company's Code of Business Conduct. Here are some key indicators of that work.

AREA	2014	2015	2016
Total cases	1,559	1,830	1,772
Cases outside U.S.	45 percent	43 percent	48.5 percent
Cases inside U.S.	55 percent	57 percent	51.5 percent
Anonymous reports	33 percent	33 percent	33 percent
Cases substantiated	48 percent	53 percent	43 percent
Terminations of substantiated cases	29 percent	27 percent	37 percent
Average time to close	13 days	13 days	13 days

LABOR RIGHTS

407-1

Collective bargaining

Both Cummins' Business Code of Conduct and its Supplier Code of Conduct call for respecting the right of employees to bargain collectively.

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

Suppliers must be in agreement with the code.

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

CHILD LABOR

408-1

Child labor

See discussion in 407-1 regarding the company's stance against child labor in the Business Code of Conduct. The company's Supplier Code of Conduct states:

"Suppliers must comply with all applicable child labor laws, including those related to hiring, wages, hours worked, overtime and working conditions. Vocational or developmental programs for young people may require an exception to the age requirements."

FORCED LABOR

409-1

Forced or compulsory labor

Both codes explicitly ban any form of forced labor.

"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," Cummins' Supplier Code of Conduct states. "Suppliers must not use corporal punishment, physical or psychological abuse, threats of violence, or other forms of physical or mental coercion."

SECURITY

410-1

Security personnel

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

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INDIGENOUS PEOPLE

411-1

Existing cases

Cummins knows of no such cases involving the company.

HUMAN RIGHTS CASES

412-1

Human rights cases

Cummins knows of no such cases involving the company.

COMMUNITY ENGAGEMENT

413-1

Community engagement efforts

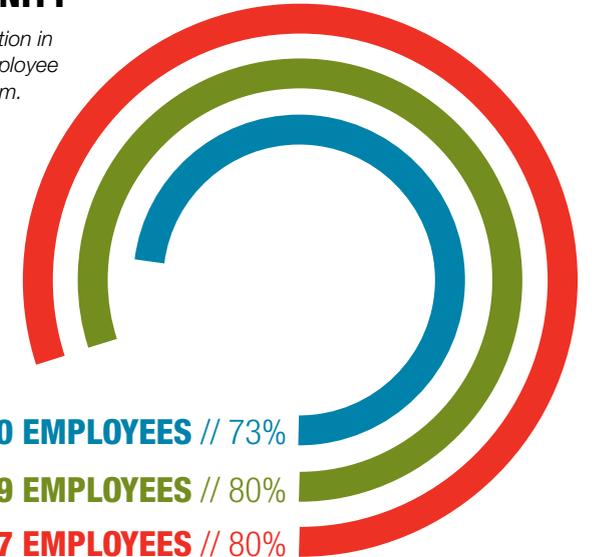
Community engagement is a key component of Cummins' business strategy. The vast majority of Cummins sites have Community Involvement Teams (CITs) made up of employees who conduct assessments to determine community needs. The teams then try to develop partnerships with not-for-profit groups working within those communities to help solve difficult community problems. Cummins believes it has the most expertise for addressing community problems that involve the environment, education and social justice / equality of opportunity.

The company does use metrics in these areas to measure its performance and is working on developing more and better metrics. Most of Cummins' work is through its Every Employee Every Community Program. Employees receive at least four hours to work on community initiatives through the program. In 2016, they reported investing more than 400,000 hours on community work around the world.

A popular program in this area is the Environmental Challenge, a contest where CITs compete to develop the best community initiatives with an environmental component. This typically puts employees' job skills to work to help solve difficult community challenges. To see more on the company's community engagement efforts, go to page 33 of Cummins' [2016 Sustainability Progress Report](#). Also see the charts on this page.

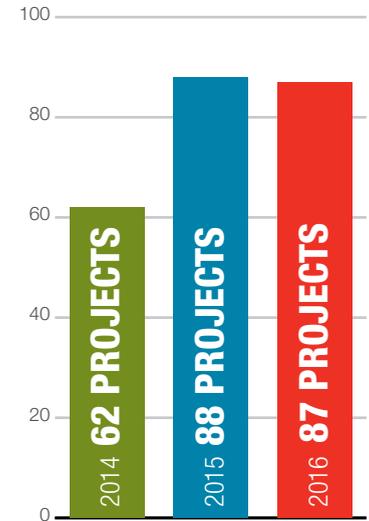
EVERY EMPLOYEE EVERY COMMUNITY

Here's a look at participation in the company's Every Employee Every Community program.



ENVIRONMENTAL CHALLENGE

Here's a look at the number of projects in the company's Environmental Challenge program since 2014.



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413-2

Operations with negative community impacts

Cummins believes its sites are important sources of economic growth for the communities where they are located and the company is working diligently to reduce the environmental impact of its facilities (see the environment section of this report starting on [page 24](#)) to improve environmental conditions. Cummins also believes its Corporate Responsibility initiatives help build stronger communities by using employee skills to help address community challenges. And in some areas these efforts overlap such as the company's goal to develop 15 water neutral sites in water challenged areas. In these locations the company offsets its water use with community improvements that either conserve water or make new sources available. Cummins believes building stronger communities is not only the right thing to do but ultimately results in stronger markets for its products.

SUPPLIER SOCIAL ASSESSMENTS

414-1

Supplier screening

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

PUBLIC POLICY

415-1

Reporting requirements

Cummins bans contributions using corporate funds to candidates, political parties and independent expenditures, including advertisements that support or oppose individual candidates. The company also will not use corporate funds to contribute to 501 (c) (4) and 527 tax-exempt groups in the United States that are engaged in political activity or make payments to influence ballot issues unless the issues are directly tied to the company's core values and business interests. In those cases, Cummins is committed to publicly disclosing any payments including recipient names and amounts. The company made no such payments in this reporting cycle.

In the U.S., political contributions are made by the Cummins Inc. Political Action Committee (CIPAC), funded solely by voluntary employee contributions. CIPAC makes contributions to federal and state candidates on a bipartisan basis after review and approval by CIPAC's Executive Committee and according to federal and state election law. CIPAC is governed by corporate policies and bylaws that state all CIPAC contributions are strictly voluntary. To see more go to page 59 of the [2016 Sustainability Progress Report](#).

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CUSTOMER HEALTH AND SAFETY

416-1 Assessment of health and safety products

416-2 Incidents and actions

Product safety is a top priority at Cummins.

The company's Product Safety Policy states:

- » *Cummins will design, manufacture, sell, distribute and service all products so that they are safe to use for the described and intended purpose.*
- » *Cummins will provide its customers, its partners, the company's employees and society with products that are safe to operate, maintain, adjust and repair when used as intended.*
- » *Each Cummins employee will regard product safety as a top priority.*
- » *Each Cummins employee is responsible for applying the policy in his or her individual and collective work activity.*

In compliance with the company's Product Safety Policy in 2016, Cummins voluntarily initiated eight product safety campaigns, impacting approximately 9,000 Cummins engines and/or Cummins components. These campaigns were reported to the relevant public agencies as required by applicable laws and improvements were made on each of the Cummins products at issue.

CUSTOMER PRIVACY

418-1

Breaches of privacy

Cummins had no known breaches of consumer privacy in 2016. The company goes to great lengths to protect its proprietary information.

SOCIO-ECONOMIC COMPLIANCE

419-1

Fines, corrective actions

The fines and corrective actions are limited to the environmental situations covered in [307-1](#).

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ASSURANCE



INDEPENDENT ASSURANCE STATEMENT

Introduction and objectives of work

Bureau Veritas North America, Inc. (Bureau Veritas) was engaged by Cummins, Inc. (Cummins) to conduct an independent assurance of select 2016 social data metrics to be published in Cummins' Sustainability Report (Report) and/or included in the Dow Jones Sustainability Index (DJSI) assessment. This Assurance Statement applies to the related information included within the scope of work described below. The intended users of the Assurance Statement are the stakeholders of Cummins. The overall aim of this process is to provide assurance to Cummins' stakeholders on the accuracy, reliability and objectivity of the information included in the Report and the DJSI assessment as described in the scope of work. The assurance process also evaluated Cummins' management of sustainability in accordance with the principles of inclusivity, materiality and responsiveness.

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

Scope of work

Cummins requested Bureau Veritas to include in its independent assurance the following:

- Corporate Responsibility Metrics
- Human Resources Metrics
 - Talent Attraction & Retention
 - Diversity
- Health and Safety Metrics
- Business Ethics Metrics
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyze and review the data subject to the assurance process; and
- Evaluation of the select metrics in the Report and DJSI assessment in accordance with the Assurance Standard AA1000AS (2008)¹ to a moderate assurance level.

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

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

Methodology

Bureau Veritas undertook the following activities:

1. Interviews with relevant personnel of Cummins (including managers and staff members at the corporate level);

¹ Published by AccountAbility: The Institute of Social and Ethical Accountability

2. Review of internal and external documentary evidence produced by Cummins;
3. Audit of performance data including a detailed review of a sample of data; and
4. Review of Cummins' data and information systems for collection, aggregation, analysis and internal verification and review.

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

Our findings

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

- Nothing has come to our attention to indicate that the reviewed information within the scope of our verification is not materially correct.
- Nothing has come to our attention to indicate that the reviewed information is not a fair representation of the corporate responsibility, human resources, health and safety, or business ethics data for calendar year 2016.
- It is our opinion that Cummins has established appropriate systems for the collection, aggregation and analysis of quantitative data, including corporate responsibility data, human resources data, health and safety data, and business ethics data.

A summary of data within the scope of assurance for 2016 is attached.

Adherence to the AA1000 Accountability Principles

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

Inclusivity

Based on discussions with Cummins, their processes appear to be inclusive of stakeholders. For example, Cummins is active in community engagement that includes community investment (Cummins Grants), Corporate Responsibility Projects, and humanitarian projects. Other stakeholder engagement activities are described in the 2015-2016 Cummins Sustainability Data Book in the Stakeholder Engagement section.

Materiality

In 2015, the company compiled the results of stakeholder assessments conducted by various functions within Cummins to determine what topics are the most relevant to the company's stakeholders in the economic, social and environmental realms. Cummins continues to review this process for modifications and relevant updates to its core business strategies.

Responsiveness

Some examples of how Cummins responds to stakeholders regarding sustainability issues are through their submissions to CDP and the DJSI. The Board of Directors also communicates with stakeholders regarding sustainability issues. Other specific examples of responses to stakeholder concerns are included in the 2015-2016 Cummins' Sustainability Data Book in the Stakeholder Engagement section.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 180 years history in providing independent assurance services, and an annual 2016 revenue of 4.55 Billion Euros.

No member of the assurance team has a business relationship with Cummins, its Directors or Managers beyond that of verification and assurance of sustainability data and reporting. We have conducted this verification independently and we believe there to have been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

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

Attestation:

Candice Derks, Lead Verifier
Project Manager II
Sustainability and Climate Change Services

Lisa Barnes, Technical Reviewer
Practice Line Leader
Sustainability and Climate Change Services



Bureau Veritas North America, Inc.
Denver, Colorado

June 14, 2017



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**VERIFICATION STATEMENT
GREENHOUSE GAS EMISSIONS**

Bureau Veritas North America, Inc. (BVNA) was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by Cummins, Inc. (Cummins) for the calendar year 2016. This Verification Statement applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of Cummins. BVNA's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information.

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

- Operational Control
- Worldwide

Emissions data verified:

Cummins Entity Wide GHG Emissions for 2016	
<p align="center">Scope 1 Emissions 303,885 metric tons (mt) of CO₂e equivalent (CO₂e)</p>	
<p>Scope 2 Emissions – Location Based 535,703 mtCO₂e</p>	<p>Scope 2 Emissions – Market Based 537,851 mtCO₂e</p>
Scope 3 Emissions	
<p>Category 1 – Purchased Goods and Services</p>	3,164,000 mt CO ₂ e
<p>Category 2 – Capital Goods</p>	387,000 mt CO ₂ e
<p>Category 3 – Fuel & Energy Related Activities</p>	167,000 mt CO ₂ e

Bureau Veritas North America, Inc.

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Scope 3 Emissions (continued)	
<p>Category 4 – Upstream Transportation & Distribution</p>	537,000 mt CO ₂ e
<p>Category 5 – Waste Generated in Operations</p>	6,700 mt CO ₂ e
<p>Category 6 – Business Travel (air travel and rental cars)</p>	33,000 mt CO ₂ e
<p>Category 7 – Employee Commuting</p>	110,000 mt CO ₂ e
<p>Category 8 – Upstream Leased Assets</p>	7,000 mt CO ₂ e
<p>Category 10 – Processing of Sold Products</p>	2,100 mt CO ₂ e
<p>Category 11 – Use of Sold Products</p>	800,000,000 mt CO ₂ e
<p>Category 12 – End Of Life Treatment of Sold Products</p>	50,000 mt CO ₂ e
<p>Category 13 – Downstream Leased Assets</p>	40,000 mt CO ₂ e

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

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

Period covered by GHG emissions verification:

- January 1, 2016 to December 31, 2016

GHG Reporting Protocols against which verification was conducted:

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

GHG Verification Protocols used to conduct the verification:

- ISO 14064-3: Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions

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Level of Assurance and Qualifications:

- Limited
- This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators.
- Qualifications: None

GHG Verification Methodology:

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

Assurance Opinion:

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

- is not materially correct
- is not a fair representation of the GHG emissions data and information; and
- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard.

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



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Statement of independence, impartiality and competence

The Bureau Veritas Group is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 180 years history in providing independent assurance services.

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

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

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

Attestation:

David Reilly, Lead Verifier
Senior Project Manager
Bureau Veritas North America, Inc.
Costa Mesa, California

Trevor Donaghu, Technical Reviewer
Technical Director, Climate Change Services
Bureau Veritas North America, Inc.
San Ramon, California

June 16, 2017

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

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**VERIFICATION STATEMENT
WASTE and RECYCLING**

Bureau Veritas North America, Inc. (BVNA) was engaged to conduct an independent verification of the waste data reported by Cummins, Inc. (Cummins) for the calendar year 2016. This Verification Statement applies to the related information included within the scope of work described below.

The determination of the waste quantities is the sole responsibility of Cummins. BVNA's sole responsibility was to provide independent verification on the accuracy of the waste quantities reported, and on the underlying systems and processes used to collect, analyze and review the information.

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

- Operational Control
- Worldwide

Data Verified:

2016 Reported Waste Data	Metric Tons
Total Waste Generated	190,319
Total Waste Disposed - includes total landfilled waste and incinerated waste without energy recovery	20,986
US Process Hazardous Waste	63
Non-US Process Hazardous Waste	3,037
Total Waste Recycled	169,333
Recycled Waste Categories	
Aluminium	804
Cardboard	18,146
Composted Waste	1,422
Copper & Brass	667
E Waste	102
Iron & Steel	96,276
Liquid Waste (Used Oils, Paints, Solvents, etc.)	10,671
Other Process Derived Waste (Recycled)	902
Paper	1,000
Plastic	2,373

Bureau Veritas North America, Inc.

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Recycled Waste Categories (continued)	Metric Tons
Hazardous Waste (Recycled)	651
Waste Burned for Energy Recovery	8,415
Wood	27,905

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

Period covered by Waste verification:

- January 1, 2016 to December 31, 2016

Verification Protocols used to conduct the verification:

- International Standard on Assurance Engagements (ISAE) 3000

Level of Assurance

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

Verification Methodology:

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

Assurance Opinion:

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

- is not materially correct; and,
- is not a fair representation of the waste and recycling data and information.

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

Statement of independence, impartiality and competence

The Bureau Veritas Group is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 180 years history in providing independent assurance services.

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



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

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of The Bureau Veritas Group standard methodology for the verification of environmental data.

Attestation:

David Reilly, Lead Verifier
Sr. Project Manager, Climate Change Services
Bureau Veritas North America, Inc.
Costa Mesa, California

Trevor Donaghu, Technical Reviewer
Technical Director, Climate Change Services
Bureau Veritas North America, Inc.
San Ramon, California

June 16, 2017

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

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**VERIFICATION STATEMENT
WATER WITHDRAWAL**

Bureau Veritas North America, Inc. (BVNA) was engaged to conduct an independent verification of the water withdrawal reported by Cummins, Inc. (Cummins) for the calendar year 2016. This Verification Statement applies to the related information included within the scope of work described below.

The determination of the water withdrawal is the sole responsibility of Cummins. BVNA's sole responsibility was to provide independent verification on the accuracy of the water withdrawal reported, and on the underlying systems and processes used to collect, analyze and review the information.

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

- Operational Control
- Worldwide

Data Verified:

2016 Reported Water Withdrawal	Gallons	Megaliters
Groundwater	59,750,109	226
Rainwater	1,321,256	5
Municipal Water	873,157,048	3,305
Total Water Withdrawal	934,228,413	3,536

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

Period covered by Water Withdrawal verification:

- January 1, 2016 to December 31, 2016

Reporting Protocols against which verification was conducted:

- CDP Water Disclosure Reporting Guidelines

Verification Protocols used to conduct the verification:

- International Standard on Assurance Engagements (ISAE) 3000

Level of Assurance

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

Bureau Veritas North America, Inc.

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Verification Methodology:

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

Assurance Opinion:

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

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

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

Statement of independence, impartiality and competence

The Bureau Veritas Group is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 180 years history in providing independent assurance services.

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

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

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of The Bureau Veritas Group standard methodology for the verification of environmental data.



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Attestation:

David Reilly, Lead Verifier
Sr. Project Manager, Climate Change Services
Bureau Veritas North America, Inc.
Costa Mesa, California

Trevor Donaghu, Technical Reviewer
Technical Director, Climate Change Services
Bureau Veritas North America, Inc.
San Ramon, California

June 16, 2017

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

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