ABOUT OUR SUSTAINABILITY REPORTING

Cummins’ sustainability reporting is primarily connected to four postings in the hope of reaching the right people with the right information at the right time.

SUSTAINABILITY PROGRESS REPORT

This document is Cummins’ 2017 Sustainability Progress Report, which reflects the company’s broad view of sustainability, including the environment, corporate responsibility, safety, diversity and inclusion, innovation, financial performance and our newest section on customer support.

As a signer of the United Nations’ Global Compact in 2017, Cummins supports the U.N.’s 17 Sustainable Development Goals to “end poverty, protect the planet and ensure prosperity for all.” See the notations on page 6 of this report where we believe our disclosures align with those aspirations.

We’ve continued working to make this report shorter and easier to read, moving many of the feature stories to The Newsroom on cummins.com. We try to post at least one sustainability related story there per week. We also continue to move some data to our GRI Data Book, which can be found where we post all of our sustainability related documents.

This report was completed in May 2018 and is Cummins’ 15th edition.

CUMMINS GRI DATA BOOK

The company is again producing a separate posting called Cummins’ GRI Data Book. It follows the format of the Global Reporting Initiative (GRI).

Established by the United Nations, the GRI’s goal is to develop a consistent way for companies to report on their environmental, social and economic performance. We’ve also added some data we believed didn’t fit in the Progress Report, but was still important to disclose. The data book also includes an update on materiality.

The 2017 Cummins GRI Data Book will be posted by the end of June 2018.

CDP

Cummins is committed to sharing its CDP (formerly the Carbon Disclosure Project) water and climate filings. The 2017 filings will be posted in our repository sometime in July. The 2016 reports are available now.

SUSTAINABILITY OVERVIEW

Cummins has also put together another eight-panel sustainability brochure to give readers a very high level look at the company’s sustainability efforts. The overview is posted with our other sustainability related reports in our document repository.

BLAIR CLAFLIN

Director – Sustainability Communications
ABOUT THE COVER

A validation team makes its way up a mountain road at Loveland Pass (6.7 percent grade at 11,990 feet), during testing of Cummins’ X12 engine in Colorado (U.S.A.) in 2017.

The dependability of Cummins’ products is critical to the company’s sustainability, so Cummins engineers put them to the test before they go into production and reach customers.

Validation testing takes place not only in the U.S., but in China, India, the U.K. and elsewhere. U.S.-based teams in Columbus, Indiana have traveled as far as Fairbanks, Alaska, and Death Valley, California, to find the ideal combination of temperature and grade.

The trips often take several weeks, under less than ideal conditions, but Cummins engineers love the chance to go in-depth on the company’s products, free of any distractions. You can learn more about validation testing, and numerous other aspects of the company’s business, by going to The Newsroom on cummins.com. Cummins tries to post at least one story a week on the website relative to the company’s sustainability.

Cummins engineer Trent Berardi (center, with laptop), talks to X12 team members during a stop in central Utah (U.S.A.).
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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.
THE UN’S SUSTAINABLE DEVELOPMENT GOALS

Cummins supports the UN’s Sustainable Development Goals to “end poverty, protect the planet and ensure prosperity for all.” As a signer of the UN’s Global Compact, the company wants to do its part to make the world a better place to live.
Greetings,

There are two critical challenges when it comes to the sustainability of a business like Cummins:

» Achieving our mission of “powering a more prosperous world,” while meeting our obligation to use fewer of its resources.

» Helping customers succeed through innovation and dependability, so when they win, we win.

Neither is easy, but after more than 25 years with Cummins, first as a wide-eyed summer intern and today as CEO of this nearly 100-year-old company, I can say with confidence we are up to the challenge.

Just in 2017, Cummins started production on the cleanest, most fuel efficient diesel engine our company has ever made, the X15. Our Cummins Westport joint venture launched a natural gas engine achieving emission levels 90 percent below EPA standards for a key contributor to smog.

We started a new joint venture with Eaton to develop the most advanced automatic transmissions for medium and heavy-duty vehicles. And our company began work on an all-electric powertrain for urban buses that will be on the market by the end of 2019.

We did all this without sacrificing our customers’ need for affordable, dependable power. That’s why I say, without hesitation, that innovation is good for customers and good for the environment, too. It’s time to stop pitting the interests of one against the other.

There are challenges, of course. Powertrain technologies are advancing faster than at any moment in my lifetime. We’ve just scratched the surface of what information technology can do through telematics. And new competitors and business models are constantly trying to disrupt us.

Cummins continually invests in new technologies and business areas to bring innovation to our customers in a dependable way. Our goal is to offer them the full range of powertrain technologies so they can choose the right one for their application.

Our products must work in extreme heat and bone-chilling cold; high in the mountains and far below the earth’s surface. And we must support and service our products nearly anywhere in the world.

That’s a tall order. But if we can help customers’ successfully transition to increasingly cleaner technologies, using fewer resources, we will achieve our mission of making people’s lives better by powering a more prosperous world.

Thank you for your interest in Cummins,

Tom Linebarger
Chairman and CEO
Cummins Inc.
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.
Cummins is organized into five business segments. In 2017, the company introduced an electrification division to manage its work in that fast growing area. In early 2018, the division was established as Cummins’ fifth business segment, Electrified Power. Here’s a look at the company today:

**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 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-, 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 engine 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.

**ELECTRIFIED POWER**
Cummins established its Electrified Power segment in early 2018. This segment brings together all of the company’s electrification resources into a single reporting segment that posted its results as part of Cummins’ first quarter earnings in 2018.

**INTRODUCTION**
Cummins updated its mission, vision and values in 2017.

**CUMMINS’ STORY**

**WHY WE EXIST**

**MISSION**

Making people’s lives better by powering a more prosperous world

**HOW WE WILL DO IT**

**VALUES**

**INTEGRITY**
Doing what you say you will do and doing what is right

**DIVERSITY & INCLUSION**
Valuing and including our differences in decision making is our competitive advantage

**CARING**
Demonstrating awareness and consideration for the wellbeing of others

**EXCELLENCE**
Always delivering superior results

**TEAMWORK**
Collaborating across teams, functions, businesses and borders to deliver the best work

**LEADERSHIP CULTURE**

Inspiring and encouraging all employees to achieve their full potential

**BRAND PROMISE**

Powering our customers through innovation and dependability

**VISION**

Innovating for our customers to power their success

**STRATEGY**

Delivering value to all stakeholders

Cummins updated its mission, vision and values in 2017.
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 11,400 current professional employees.
- Six Sigma projects have identified an estimated $6.85 billion in Profit Before Interest and Taxes (PBIT) savings over the tool’s history at Cummins.
- Cummins customers have saved an estimated $1.44 billion through Six Sigma since the tool was first offered to them in 2005.

Cummins employees also use Six Sigma when working with community partners on Corporate Responsibility projects. The tool’s impact, however, goes beyond cost savings and community engagement. It provides Cummins with a common language and collective mindset across the globe that can be used to address a problem or challenge almost anywhere in the world.

The most impactful projects are honored as part of the company’s Impact Awards. As a continuous improvement company, Cummins is committed to providing great employees with the tools they need to solve the most important challenges in the business, and to recognize the outstanding work they do.

Six Sigma has widely been credited with helping turn Cummins into the vibrant, innovative company it is today. After 17 years as a key part of Cummins, Six Sigma has established itself as the principal problem solving tool used at the company.
AWARDS AND RECOGNITION

Cummins received a number of awards and recognition during 2017. Here’s a quick look:

**DIVERSITY**

**TOP 50 COMPANIES FOR DIVERSITY**

Cummins was named one of the Top 50 Companies for Diversity by DiversityInc magazine for an 11th consecutive year in 2017.

**CORPORATE EQUALITY INDEX**

Cummins received a perfect score for a 12th consecutive year in the 2017 Corporate Equality Index from HRC, the largest U.S. civil rights organization for LGBTQ employees.

**AMERICA'S MOST JUST COMPANIES**

Cummins was named to the second annual JUST 100 list of America’s Most JUST Companies by JUST Capital and Forbes Magazine. The list is based on qualities Americans say they want to see in a company such as fair pay and creating jobs. Cummins made the first JUST 100 list in 2016.

**ETHICS**

**WORLD'S MOST ETHICAL COMPANIES**

Cummins was named to the Ethisphere Institute’s 2017 list of the World’s Most Ethical Companies for a 10th consecutive year.

**ENVIRONMENT**

**DOW JONES SUSTAINABILITY INDEX**

Cummins was named to the Dow Jones Sustainability Index for North America. The index surveys global companies on a wide range of sustainability issues. Cummins has been on the list since 2006.

**CUSTOMER SUPPORT**

**CUMMINS SUSTAINABILITY PROGRESS REPORT 2017**

**MANAGEMENT TOP 250**

Cummins finished 96th in the Wall Street Journal’s inaugural Management Top 250 list released in 2017. The list is based on rankings by the Drucker Institute, which looks at corporate performance in areas such as customer satisfaction, employee engagement and development, and innovation.

**EMPLOYER OF EXCELLENCE**

Cummins China won the prestigious Employer of Excellence China award in 2017 for a second year in a row. The appraisal by 51job Inc., the leading integrated human resources service (HR) provider in the country, assesses companies on 10 criteria including their growth plans in China, their financial performance and their alignment between HR and corporate development strategy.

**HDT TOP 20 PRODUCTS OF 2017**

Heavy-Duty Trucking (HDT) magazine named the Cummins X15 diesel engine to its list of the 20 Top Products of 2017. HDT editors cited the engine’s improved fuel economy, extended service intervals, enhanced drive-ability and emissions after-treatment.

**NEWSWEEK GREEN RANKING**

Cummins finished 25th in Newsweek’s 2017 Green Ranking of U.S. Companies. The ranking assesses the environmental performance of the world’s largest publicly traded companies. Cummins was named Best in Industry in the Machinery category for U.S. companies.

**ACHIEVEMENT IN SOCIAL RESPONSIBILITY**

Cummins India in 2017 was one of five companies receiving a Commendation for Significant Achievement in Social Responsibility by the Confederation of Indian Industry - ITC Sustainability Awards. ITC is an Indian conglomerate. Judges recognized Cummins’ community efforts to conserve and protect water, plant trees and expand educational opportunities in the communities it serves.

**MISCELLANEOUS AWARDS**

**CUSTOMER LEADERSHIP**

Cummins’ Connected Diagnostics, a telematics feature enabling the company to communicate over the air with its engines to recommend actions when a system fault occurs, was awarded Frost & Sullivan’s 2017 North American Customer Value Leadership award. The global research and consulting firm said the feature delivers “exceptional customer service.”

**TOP EMPLOYER**

Forbes magazine named Cummins to its list of America’s Best Employers for a second consecutive year in 2017.

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Cummins has a rich history, replete with examples of innovation, entrepreneurship and vision. Here’s a look at some highlights over the last 98 years:

1910 - Classic Cummins creates the Cummins Engine Company based in Columbus, Indiana (U.S.A.). William G. Irwin, who employed Cummins as a drayman, supplies nearly all of the $50,000 in startup capital.

1919 - Irwin drives a Packard limousine and removes the engine for Christmas Day, convincing Irwin of the engine’s potential. Irwin invests a much-needed infusion of cash.

1929 - J. Irwin Miller, great-nephew of W.G. Irwin, becomes general manager of Cummins at the age of 24.

1934 - Miller becomes Executive Vice President of Cummins.

1937 - Cummins earns its first profit.

1932 - Cummins barnstorms across the country, demonstrating the power and fuel efficiency of the diesel engine in his Coast to Coast Cummins Diesel Test Bus.

1940 - Cummins begins operations in India, first as a joint venture with one plant in Pune. Today, the company owns all or part of 20 manufacturing facilities in the country and employs nearly 14,000 people.

1951 - Miller becomes Chairman of the Cummins Board.


1962 - “While some still argue that business has no social responsibility, we believe that our survival in the very long run is dependent upon responsible citizenship in our communities and in the society as it is on responsible technological, financial and production performance.”

1963 - Miller helps Dr. Martin Luther King Jr. with some of the organizing behind the 1963 March on Washington. Miller was acting as leader of the National Council of Churches.

1972 - Cummins introduces the largest high-speed diesel engine it has ever built, the 16-cylinder G9K95 in Seymour, Indiana (U.S.A.). Eight-feet tall and 14-feet long, the engine is capable of producing 4,000 horsepower while meeting stringent EPA emission standards.

2000 - Cummins names Jennifer Rumsey its Chief Technical Officer, the company’s first female CTO. Rumsey, who joined Cummins in 2000, replaces the retiring CTO Dr. John Wall.

2010 - Cummins unveils the concept Class 7 Urban Hauler AECO, one of the first all-electric trucks of its size.

2012 - President and Chief Operating Officer Tom Linebarger succeeds TimSolso as Chairman and CEO on Jan. 1, 2012. During Solso’s 10 years leading Cummins, the company experienced record growth.

2015 - Cummins purchases 46 percent of the Onan Corporation in suburban Minneapolis, Minnesota (U.S.A.), which would become the basis for its Power Systems Business.

2017 - Miller retires as Chairman of the Board, although he remains active with the company until his death in 2004.
CUMMINS MOVES STEADILY TOWARD 2020 ENVIRONMENTAL TARGETS

Products in-use goal at 97 percent completion

Cummins closed in on its 2020 products-in-use goal in 2017, changed logistics suppliers and worked on innovative solutions to its facility goals.

In several areas, facility improvement progress slowed as the company neared goals and additional gains became more challenging. If goals are set aggressively, easy gains can be accomplished relatively quickly, but the remaining advances often require significant effort. This has been particularly true for energy efficiency, where Cummins is working on its third goal since 2006.

However, with the ingenuity and hard work of more than 58,000 employees around the world, the company is confident it will meet its 2020 goals.

Cummins officials meet with officials from Meadow Lake Wind Farm in northwest Indiana. Cummins entered into an agreement to help the farm expand. To learn more click here.
Cummins’ fuel economy teams throughout the world have implemented more than 250 products in use improvement projects since 2014, achieving a 3.4 million metric ton annual run rate of CO₂, reduction toward the company’s goal of a 3.5 million metric ton run rate by 2020. That’s about 97 percent of the way to the company’s latest goal.

Performance in 2017 built on global momentum, with the launching of new initiatives and more Power System and Distribution Business projects. The average fuel economy improvement of nearly 7 percent across all projects is larger than the company’s original projections of 2 to 5 percent improvements.

Global fuel economy teams have been building functional capability via fuel economy forums, training and tools.

Cummins wants to cut CO₂ emissions by nearly 16 million metric tons, saving customers up to $6.3 billion through greater fuel efficiency by the end of 2020. In meeting this goal, Cummins expects to work with about 20 percent of its customer base, touching nearly 2 million engines as it tailors engine specifications to customer applications.
WATER STRATEGY

The goals of the company’s comprehensive water strategy, which addresses both direct water use and community engagement, are to mitigate business risk, to be a good global citizen and to reduce costs and compliance risk.

To achieve the company’s 50 percent water intensity reduction goal, Cummins will expand the work it does with its sites in a water management program, including support of regenerative test cell projects using less water, intensive engagement with higher water use locations, water balance studies and strategic capital funding for water reduction projects.

Cummins’ strategy also identifies the critical role water plays in the company’s supply chain. The company is beginning to work with suppliers to help them develop less water intensive techniques.

Cummins used 962 million gallons of water in 2017, a 32 million gallon increase from 2016, but a 10 million gallon decrease since the company initiated its water strategy in 2014.

Since the goal’s baseline year of 2010, direct water use is down by 16 percent, while water use adjusted for hours worked is down by 44 percent – all despite an increase in the number of facilities during the that time period.

Cummins’ water neutrality work is also progressing well. Eight sites have now been validated as water neutral toward the company’s 2020 goal of 15. They are off-setting their water use with community improvements that either conserve water or make new sources available.

Meanwhile, a risk analysis and mapping exercise of the company’s top 200 suppliers, completed in 2016 by Verisk Maplecroft, has helped Cummins better understand water risk in its supply chain.

WATER GOALS

REDUCE DIRECT WATER USE ACROSS CUMMINS BY 50 PERCENT BY 2020, ADJUSTED FOR HOURS WORKED.

ACHIEVE WATER NEUTRALITY AT 15 CUMMINS MANUFACTURING, TECHNICAL, AND OTHER LARGER SITES LOCATED IN REGIONS WHERE WATER IS IN SHORT SUPPLY.

Baseline year: 2010
The company’s greenhouse gas (GHG) emissions increased by about 14,000 tons on an absolute basis in 2017, but fell 3.6 percent adjusted for hours worked compared to the prior year. The company has now achieved about a 25 percent reduction in energy intensity (energy use adjusted by hours worked) toward its 2020 goal of a 32 percent reduction at company facilities.

Cummins’ primary energy consumption increased by 6 percent on an absolute basis while falling by 0.9 percent adjusted for hours worked compared to 2016.

The company had a number of challenges in maintaining progress on its goal, including several new buildings and distributor locations that were part of the Distribution Business segment’s North American consolidation.

Cummins uses tools and resources available from programs such as ISO 50001, the international energy management system standard, and the U.S. Department of Energy’s Superior Energy Performance program. The company plans to implement ISO 50001 at 40 sites, or 90 percent of its carbon footprint, by 2020. Twenty six sites have been certified through 2017.

Cummins entered into a Virtual Power Purchase Agreement (VPPA) to expand a northwest Indiana wind farm in 2017. The company’s analysis showed that the VPPA was the most cost-effective way for Cummins to quickly encourage significant GHG reductions compared to investing in more onsite installations.

The expansion will add 75 megawatts to the existing 600 megawatt capacity at the Meadow Lake Wind Farm complex. When fully operational in early 2019, the wind farm expansion will generate renewable electricity equivalent to the amount Cummins uses at all of its Indiana facilities.

The project will reduce GHG emissions by 165,000 metric tons CO₂e per year (CO₂ equivalent), which is equal to 21 percent of Cummins’ global GHG footprint. To learn more, click here.
The company follows a waste management hierarchy consistent with current industry standards: avoid the generation of waste, reuse, recycle, and recover energy from waste.

Reducing packaging is one key way Cummins avoids the generation of waste. Reusing waste might involve reusing pallets or finding an alternative use without any reprocessing. Recovery and reuse of coolants and solvents is still another example.

Cummins in 2017 recycled 90 percent of the total waste the company generated over the year, equivalent to approximately 186,000 tons.

Since the baseline year of 2010, Cummins’ total waste disposed decreased by about 3 percent in absolute terms, while experiencing a 36 percent reduction in disposal adjusted for hours worked.

Compared with 2016, Cummins’ total waste disposed in 2017 increased by 801 tons or 4 percent on an absolute basis and by 2 percent adjusted for hours worked.

There are currently 10 sites certified as Zero Disposal – seven in Europe, and one each in North America, the Asia-Pacific region and the China region. Eighteen additional sites are approaching Zero Disposal, but face challenges such as regulatory barriers in India and China, and the absence of vendors to help with hard-to-recycle wastes.

Cummins is also committed to avoiding the generation of hazardous waste and properly handling hazardous materials in the workplace. The definition for what constitutes hazardous waste varies widely by country. Cummins follows all appropriate local and regional regulations.

For U.S. sites that produce hazardous waste, Cummins has a formal vendor pre-qualification process to ensure waste is handled properly.

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In meeting the company’s logistics goal, Cummins aims to create and maintain an efficient transportation network that reduces CO2 emissions by improving transport planning to maximize loads, reduce miles when trucks are empty and minimize distance traveled.

A change in Cummins’ transportation management system impacted the company’s baseline data and additional data collected.

In 2017, Cummins changed its transportation management system provider. The new system has been rolled out to all suppliers in the U.S., with Mexico expected to be added in 2018.

Regional optimization solutions are planned throughout the company, starting with India and Europe in 2018, and Africa, Brazil and Asia in 2019. By the end of 2019, 80 percent of the Cummins network will be using an optimized transportation solution.

The change is expected to result in more accurate data, but the company will be unable to report its progress until the baseline data is stable, which is expected by mid-2018.

In 2017, Cummins signed on to the Science Based Targets Initiative (SBTI) that uses environmental science to support companies with GHG reduction target setting, consistent with limiting global warming to 2 degrees Celsius or lower.

Cummins’ commitment will apply to its next facility energy and GHG reduction target to be announced in 2019. Cummins’ three energy/GHG reduction goals (including the current one with a goal completion date of 2020) have used the principles and data of science based target setting while not officially part of the initiative. And while not required, the SBTI encourages companies to set a science based target for the sources of its large Scope 3 emissions, which for Cummins is the company’s products in use that represent 99 percent of its GHG footprint.
**ENVIRONMENTAL GOALS UPDATE**

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

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

### KEY INDICATORS

#### ENVIRONMENTAL PERFORMANCE

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<td>(thousands of metric</td>
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<td>Disposed waste</td>
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<td>(thousands of metric</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>tons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycled waste</td>
<td>165</td>
<td>168</td>
<td>165</td>
<td>186</td>
</tr>
<tr>
<td>(thousands of metric</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>tons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycling rate (%)</td>
<td>90</td>
<td>90</td>
<td>89</td>
<td>90</td>
</tr>
<tr>
<td>Hazardous waste</td>
<td>n/a</td>
<td>n/a</td>
<td>3,100</td>
<td>3,989</td>
</tr>
<tr>
<td>(metric tons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water use (millions</td>
<td>972</td>
<td>947</td>
<td>930</td>
<td>962</td>
</tr>
<tr>
<td>of gallons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise ISO 14001</td>
<td>102</td>
<td>112</td>
<td>108</td>
<td>108</td>
</tr>
<tr>
<td>certified entities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing sites</td>
<td>92</td>
<td>92</td>
<td>96</td>
<td>95</td>
</tr>
<tr>
<td>certified to ISO 14011 / OHSAS 18001 (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales (millions</td>
<td>19,221</td>
<td>19,110</td>
<td>17,509</td>
<td>20,428</td>
</tr>
<tr>
<td>U.S. dollars)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water intensity</td>
<td>35</td>
<td>41</td>
<td>42</td>
<td>44</td>
</tr>
<tr>
<td>reduction since 2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy intensity</td>
<td>19</td>
<td>24</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>reduction since 2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GHG intensity</td>
<td>22</td>
<td>29</td>
<td>30</td>
<td>33</td>
</tr>
<tr>
<td>reduction since 2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Primary energy excludes sold electricity and associated fuel usage
2 Includes global CMI managed facilities and 50:50 JV non-managed facilities
3 Intensity defined as adjusted for hours worked for energy, GHG and water
4 Reduction includes consolidated entities only

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*Progress not available for 2017 due to baseline data changes*
PARTNERING TO SOLVE COMPLEX PROBLEMS

Cummins’ partnerships and its policy advocacy efforts play key roles in the company’s environmental strategy and performance.

They help Cummins meet product emission goals, use energy more efficiently and bring environmental solutions to the marketplace. Four of the company’s 10 environmental sustainability principles focus on partnerships with legislative and regulatory entities to develop sound public policy that reduces Cummins’ impact on the environment.

They are:

» Help develop responsible regulations.

» Promote technology development.

» Advocate for incentives to accelerate progress.

» Support a balanced global approach.

TIGHTER REGULATIONS GLOBALLY

Cummins has a long history of demonstrating its leadership in developing the technologies needed to meet tough emissions standards and improve fuel efficiency.

Emissions regulations will continue to get tighter globally and the new frontier is around greenhouse gas (GHGs). With emerging technologies, the landscape on regulations is also shifting. For example, more local governments are setting emissions requirements at a pace and rate unlike national standards.

Phase 2 for U.S. GHG/fuel efficiency regulations passed in 2016 contain separate engine standards. Cummins continues to support this regulation and in 2017 worked to implement the requirement in company products. The first phase goes into effect in 2021.

Cummins is also advocating for separate engine standards around the world as other regions consider GHG regulations.

The company also continues working to achieve lower levels of oxides of nitrogen (NOx) and particulate matter (PM) in its product emissions globally. Over the next five years, India, China, Mexico, Brazil and other countries will move to the very low emissions levels contained in the Euro VI and EPA 2010 emissions standards for on-highway products.

CUMMINS COMMITMENT

This is a challenge and a great step forward – the number of people living in markets regulated at these stringent levels will increase from 1 billion today to more than 3 billion.

In the U.S., Cummins is committed to working with both the Environmental Protection Agency (EPA) and the California Air Resources Board (ARB) to maintain a national, heavy-duty NOx and GHG program, determining the best path for achieving impactful reductions.

BUSINESS COALITIONS AND COUNCILS

Cummins is a member of several key organizations that promote sustainability and responsible technology, including:

» The Diesel Technology Forum, which is dedicated to raising awareness about the importance of clean diesel engines, fuel and technology. Since its founding in 2000, the forum has emerged as a leading source of information on agriculture, economics, energy, the environment, transportation and trade issues impacting diesel technology.

» The Health Effects Institute, which is a non-partisan organization founded by the EPA and industry leaders, including Cummins, to provide high quality, impartial, and relevant science regarding the effects of air pollution on health.

» BSR (formerly Business for Social Responsibility), which works with member companies to develop sustainable business strategies through research and cross-sector collaboration.

» The International Council on Clean Transportation, which is an initiative to help 20 large cities around the world address air quality standards and combat climate change. Cummins and other manufacturers have committed to making it easier for these major cities to purchase buses equipped with low-emissions technologies.
Here are some actions Cummins is taking to reach its goals in energy, waste and water.

**REDUCE**
Cummins’ building standards are based on international standards (ASHRAE 189.1*) regarding the efficient use of energy and water.

*American Society of Heating, Refrigerating and Air Conditioning Engineers

**REUSE**
Cummins reduced waste by 1.2 million pounds by changing from expendable to reusable packaging.

**RECOVER**
We use 184 regenerative dynamometers in Cummins plants around the world to capture waste heat in engine test cells and turn it into productive energy.

**RECYCLE**
“Dumpster dives” are a Cummins best practice to visibly show employees the trash that could have been recycled.

**REPLENISH**
Our definition of water neutrality is that we offset the company’s own water use at a particular location through conservation and/or restoration of available water sources.
EMPOWERING PEOPLE TO BUILD STRONGER COMMUNITIES

Corporate Responsibility at Cummins means empowering people to thrive in their day-to-day lives. The strong foundations of employee-led community problem-solving and direct leadership engagement in community work help Cummins build more prosperous communities around the world.

Cummins employees are the underpinnings of the company’s responsibility to communities, identifying community needs, volunteering time to meet those needs and helping to make their communities healthier and stronger. Cummins employees engage in three global priority areas:

EDUCATION: Improving the quality and alignment of educational systems to ensure the students of today are ready for the workforce of tomorrow.

ENVIRONMENT: Ensuring everything Cummins does leads to a cleaner, healthier and safer environment.

EQUALITY OF OPPORTUNITY: Increasing opportunity and equity for those most in need.

Within these priority areas, through Cummins’ Every Employee Every Community program, employees volunteer during the work day all throughout the year. For four years in a row, more than 70 percent of Cummins employees participated in the program, investing thousands of hours to build stronger communities around the world.

83% Employee engagement in corporate responsibility activities in 2017.

METRIC DRIVEN

In 2017, Cummins established metrics to measure the impact of its employee-based community engagement. These metrics align with the United Nations Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure prosperity for all by the year 2030. Cummins’ community engagement work aligns to 10 or more of the goals.

See page 25 for some initial indicators.
COMMUNITY LEADERSHIP ENGAGEMENT

Cummins has a legacy of strong leadership dedicated to responsible corporate citizenship. With the roots of employee community engagement firmly embedded, Cummins CEO Tom Linebarger issued a call to action to all Cummins leaders: “Leaders do not delegate corporate responsibility.”

Today, Cummins leaders directly engage in community involvement projects, serve as sponsors of community engagement teams and recognize employees’ volunteer efforts. Direct leadership engagement was the catalyst to launch the company’s first global strategic community program, Cummins TEC: Technical Education for Communities. The Cummins TEC program educates and trains low-income youth in employable technical skills and connects them to good jobs in their communities. From a few pilots in 2012, the program has expanded to 22 TEC schools now operating around the world, including the first U.S. site in Memphis, Tennessee (U.S.A.).

Following the success of Cummins TEC, in early 2018 Cummins launched Cummins Powers Women, a $10.6 million investment in the company’s most ambitious community initiative ever. Cummins Powers Women is the next phase of Cummins’ commitment to large-scale community impact and powering a more prosperous world. Through Cummins Powers Women, the company will partner with a network of best-in-class non-profit organizations with existing, outcome-based programs working to advance women in Cummins’ communities around the world.

Cummins’ investment will support a range of effective programs, including grass-roots teaching and mentoring, financial stability through entrepreneurship, leadership training, and strategic guidance to non-profit leaders. Cummins’ regional leadership teams will spearhead this global effort, working closely with the non-profits in their regions to find solutions to gender inequality in the communities Cummins serves.

The program is another example of Cummins living its mission to build a more prosperous world.
Cummins shows its commitment to the communities it serves in part through community engagement. Every employee can work at least four hours on company time on engagement activities. This has benefits beyond helping build more prosperous communities. Cummins believes engaged employees help create the right environment for business success. The company had a record year for engagement in 2017:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>83%</td>
</tr>
<tr>
<td>2016</td>
<td>81%</td>
</tr>
<tr>
<td>2015</td>
<td>80%</td>
</tr>
<tr>
<td>2014</td>
<td>73%</td>
</tr>
<tr>
<td>2013</td>
<td>68%</td>
</tr>
</tbody>
</table>

* Rate includes employees and eligible contractors participating in the Every Employee Every Community program.

Cummins employees in Malaysia used solar power to bring lights to villages without electricity in 2017. To learn more about this project, and the company’s record setting year for engagement, click here.

Impact by the Numbers
Cummins worked in 2017 to measure the impact of its community engagement efforts.

- **3.3 Million**
  Estimated number of people served.

- **46,968**
  Estimated metric tons of greenhouse gas reduced through community environmental work.

- **4,964,882**
  Kiloliters of water conserved by Cummins employees engaged in community projects.

- **2,429**
  Jobs secured through Cummins education and equality of opportunity outreach efforts.

Grant-Making by Focus Area
Here’s a look at 2017 grant-making by Cummins by priority area:

- **34%**
  Education

- **4%**
  Environment

- **56%**
  Equality of Opportunity

- **6%**
  Other

Cummins financially supports community engagement projects around the world. In 2017, Cummins gave $18.7 million to communities through Community Development Grants and other strategic community investments in Cummins’ three global priority areas. The vast majority went to not-for-profit groups.
At Cummins, our employees’ health and safety are the company’s highest priorities. Our employees are Cummins’ most important asset and critical to the company’s sustainability.

For much of the past decade, Cummins has been on a journey to become world class in health and safety. The company’s Corporate Health & Safety team has led a multi-year effort to develop a culture where employees are fully engaged and committed to making Cummins a healthier and safer place to work. While significant strides have been achieved, even one incident is too many.

According to the most recent U.S. Bureau of Labor Statistics data published in 2016, the average Injury/Illness Rate (per 200,000 hours worked) is 3.6 for manufacturing and 2.8 for the engine equipment manufacturing industry. By comparison, Cummins’ Injury / Illness Rate, also known as its Incidence Rate, was 0.691 for employees in 2017 and 0.926 for contractors. There were no employee fatalities in 2017.

While the company’s average Injury/Illness Rate for employees and contractors showed increases over 2016, Cummins believes the company is strongly positioned to achieve its long term goals, including a 38 percent improvement in the Injury/Illness Rate over the next five years.

The Health & Safety team offers hazard prevention, control tools and guidance in more than 15 different areas ranging from driver safety, hand safety, and lockout / tag-out procedures, to machine guarding and working safely at heights. By taking direct action through training and by establishing the right culture, Cummins believes it can best protect its most important asset – its employees.

The company has proven this historically, reporting over the past decade a 47 percent reduction in Cummins’ overall recordable injuries and an over 60 percent reduction in injuries resulting in lost days.

Cummins believes what matters most to achieve an injury free workplace is fostering a culture of caring along with a spirit of interdependence. Every employee must look out not only for their own safety, but for the safety of their co-workers, family, friends and communities.

Perhaps no change in safety culture has been as dramatic as the change in Cummins’ Distribution Business. The segment’s Incidence Rate is down four-fold from its recent peak. Major injuries are down 80 percent from their high and Lost Work Days have been reduced by over 2,000 days per year.

Work began several years ago to change the safety culture in the business. Supported by new training and other steps, a team led by Health & Safety began building a culture of interdependency, where employees look out for their own safety and the safety of their co-workers. The team engaged leaders to support the message and help drive culture change.

“Of course even one injury is too many,” said Distribution Business President Tony Satterthwaite, “but I’m proud to say the culture in the Distribution Business is definitely changing.”

Cummins had a remarkable year for ergonomics in 2017, with nearly 1,000 ergonomic improvements made across the company. These improvements can be partly attributed to the rollout of the Risk Reduction Index (RRI) metric. The RRI is a leading indicator measuring the reduction of ergonomic risk through physical improvements.

In Cummins’ first year using this metric, the company experienced several improvements in its lagging metrics, including:

» A 12 percent improvement in the Ergonomics Incidence Rate.
» A reduction of ergonomic injuries as a percent of total injuries from 28 percent in 2016 to 22 percent in 2017.
» Cummins also had 143 ergonomic improvements submitted for the company’s internal ergonomic best practice competition, with an innovative mobile hoist device being the winning project from the Cummins Distribution Business’ South Pacific location.
Cummins’ Health & Safety team believes progress can be driven by setting aggressive, but achievable goals. Here are the 2023 goals:

» Improve the company’s average Injury/Illness Rate (Incidence Rate) by 38 percent

» Improve the company’s Major Injury Rate by 30 percent

» Improve the company’s Lost Day Case Rate by 39 percent

» Improve the company’s Lost Day Work Rate by 30 percent

Cummins’ LiveWell Center in Columbus, Indiana (U.S.A.) is off to a promising start. The facility for employees and their families offers a broad range of services to get to the root of health issues, treating the cause of disease rather than just symptoms. Patients learn to prevent disease by addressing lifestyle choices such as what they eat and how much activity they get. Company officials are looking for ways that lessons from the center, which is separate from the company’s Health & Safety function, can be extended throughout the company. The center celebrated its first year in existence in 2017.
DIVERSITY AND INCLUSION PLAYS KEY ROLE IN SUSTAINABILITY

Cummins knows having diverse employees doesn’t drive business success alone. It’s how the company uses diversity – valuing and fully including diverse ideas and perspectives in the company’s decision making – that makes an impact.

Truly making an effort to include, appreciate and value the unique backgrounds, skills and perspectives that each employee brings is Cummins at its core. That’s when the company is at its best and can win for its customers, powering a more prosperous world.

Leaders understand the importance of diversity and inclusion to a global company. Employees provide Cummins with thousands of backgrounds, skills, thoughts and ideas. One of those differences is languages. As a global company, Cummins needs employees all over the world speaking the local language to better meet customer needs. As a result, the company’s employees speak hundreds of different languages.

In early 2017, Chairman and CEO Tom Linebarger shared a statement with employees about the many languages spoken at Cummins and the importance of effectively navigating language challenges when communicating with one another.

Cummins employees gather at the Commons Office Building in Columbus, Indiana (U.S.A.), one of several buildings in the company’s headquarters city designed to encourage collaboration.

Employee Resource Groups (ERGs) at Cummins are voluntary, employee-led groups that serve as a resource for members and the company by fostering a diverse, inclusive workplace aligned with Cummins’ mission, vision and values.

Cummins has more than 100 ERGs, which are open to all employees and provide ample opportunities for leadership training, cross-cultural learning and professional development. ERGs can be site specific or they can cover a particular region. The groups are managed by the company’s Global Diversity and Inclusion team.

Established around the world, ERGs are organized by different facets of diversity like gender, generation, sexual orientation, ethnic heritage, mental/physical abilities and characteristics and race.
Leaders like Chief Operating Officer Rich Freeland shared their experiences with these challenges and how they approached them. Most importantly, they reflected on the lessons and takeaways that would help employees work through challenges when they exist.

Through this language initiative, Cummins is working to ensure every employee feels they can contribute and is comfortable speaking up when they don’t understand or feel they haven’t been understood.

Collaboration among global teams is a key driver of Cummins’ success, and without these different perspectives, the company would lose its ability to innovate and ultimately, its position in the marketplace.

Simply acknowledging the challenge can often be the hardest and most uncomfortable part.

By being aware and understanding these challenges, and addressing them, Cummins is empowering each employee to make their voice heard and work more effectively. It’s critical to unlocking the power of diversity and inclusion.

Cummins believes supplier diversity is critical to the company’s sustainability efforts. Using diverse suppliers* enables Cummins to tap into the power of diverse thoughts and approaches, increases competition for Cummins’ business, and spreads the benefit of economic development to a wider number of communities.

In 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.

The company’s efforts are led by the Global Diversity Procurement team, which can be reached through the company’s supplier portal.

Here’s a look at spending since 2010.

* The eight categories of diverse suppliers 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.
WOMEN AT CUMMINS
Cummins is working to bring more women to the company and foster their development into leadership. Here’s a look:

COUNTRY OF BIRTH
As a global company Cummins wants to make sure it has global representation among its leaders. Leaders and employees hail from all over the world, here’s a look at the top countries:

ALL EMPLOYEES

LEADERS

GENERATIONS
Cummins also has diversity in the ages of its employees. They are spread across a broad generational spectrum.
EMPLOYEES GET THE TOOLS TO SUCCEED AT CUMMINS

WORKFORCE

Cummins provides employees with the tools and feedback necessary to build a career at the company – not just a stop along their career path.

The company offers many opportunities to help employees master their jobs and look ahead to their next positions, including extensive in-person and online training as well as the constructive feedback necessary to advance.

Cummins also believes great leadership is critical to an employee’s experience. The company offers extensive training to develop leaders who have mastered key skills.

Compensation and benefits are designed to be competitive within the markets where Cummins does business. And the company establishes wages independent of a person’s gender or any other demographic trait.

ASSIGNMENT COUNTRIES

Cummins has employees in more than 50 countries around the world. Here’s a look at the top locations as of the end of December 2017:

STEM INFLUENCE

About a third of Cummins’ exempt (non-union) employees have a background in Science, Technology, Engineering or Math. Here’s a look:

EMPLOYEE REPRESENTATION

Just over a third of the Cummins workforce is represented by unions under collective bargaining agreements expiring between 2018 and 2022.

35.5% UNION EMPLOYEES

17% ENGINEERS

3% INFORMATION TECHNOLOGY

12% OTHER ENGINEER OR SCIENCE
CUMMINS ACHIEVES RECORD REVENUES IN 2017

Cummins believes sustainability starts with financial success. In 2017, the company delivered record revenues of $20.4 billion, a 17 percent increase over 2016.

Net income attributable to Cummins for the full year was $999 million (5.97 per diluted share), compared to $1.4 billion (8.23 per diluted share) in 2016. Excluding charges totaling $777 million in connection with tax reform in the United States, full year net income attributable to Cummins was $1.8 billion ($10.62 per diluted share), with a full year tax rate of 24.5 percent.

Earnings Before Interest and Taxes (EBIT) for the year was $2.4 billion or 12 percent of sales – 12.2 percent of sales excluding charges related to tax reform. This compares to $2 billion or 11.4 percent of sales in 2016.

“The company delivered strong growth, solid profitability and record operating cash flow in 2017,” said Cummins Chairman and CEO Tom Linebarger.

Workers at the Jamestown Engine Plant in Jamestown, New York (U.S.A.) build the new Cummins X15 engine, one of the cleanest, most efficient engines Cummins has ever built.

EXTENSIVE FINANCIAL INFORMATION is available in the Cummins 2017 Annual Report on Form 10-K.
Looking at 2017 briefly by business segment:

**ENGINE BUSINESS**
- On-highway revenues increased primarily due to higher industry truck production and market share gains in the medium and heavy-duty truck markets in North America. Off-highway revenues increased as a result of increased global demand for construction equipment.

**DISTRIBUTION**
- Sales increased in the Distribution segment due to higher demand in North America and Asia for both off-highway engines and parts and services.

**COMPONENTS**
- Sales in the Components segment increased due to higher truck production in North America and China, the inclusion of Eaton Cummins Joint Venture revenues, and the sale of new products to meet the Bharat Stage IV emissions regulations in India.

**POWER SYSTEMS**
- Industrial revenues increased due to improved demand in global mining and North American oil and gas markets. Power generation sales also increased due to stronger demand in Western Europe.
Autonomous trucks.
Electrified powertrains.
Big data.
Telematics and connectivity.

These are no longer just buzzwords. In 2017, Cummins announced ambitious plans to build on its strengths and add technologies and capabilities to capture new and emerging opportunities.

Cummins unveiled AEOS in 2017, a fully electric, heavy duty demonstration truck that will help the company study electrification.
Here’s a quick look:

**POWERTRAIN INNOVATIONS**

Diesel engines will remain the technology of choice in many Cummins’ markets for years to come. The company, however, will continue to innovate and deliver diesel, as well as natural gas and alternative fuel products, providing significant improvements in fuel efficiency, emissions, cost-of-operation, reduced weight and improved performance.

Among its advances in 2017, Cummins began production of its X15 engine, one of the cleanest, most efficient diesel engines the company has ever built. And one of the company’s joint ventures unveiled a natural gas engine platform achieving emissions levels far below EPA standards for nitrous oxide, a key contributor to smog.

Work on electrified powertrains and bio and other renewable fuels will accelerate as well.

**ELECTRIFIED POWER**

With the unveiling of the concept Class 7 Urban Hauler EV, AEOS, Cummins introduced a state-of-the-art battery pack, redefining energy-efficiency and density capabilities for the electric vehicle market.

The lighter, denser battery design allows AEOS to hold a longer charge for improved range and faster charging, reducing down time. Cummins is committed to leading technology in energy storage, power electronics, traction motor and system and component control for commercial applications, and will introduce its first electrified product in 2019 for the urban bus market.

Cummins expects to spend about $500 million over three years on its new Electrification Business segment as it ramps up production.

**MICROSOFT-CUMMINS LAB**

The new Microsoft-Cummins Advanced Energy Lab in Seattle, Washington (U.S.A.) will deliver important insights, not just on powering datacenters with natural gas powered fuel cells, but on a host of other energy-intensive activities.

The company expects the research work done at the lab will help customers in diverse applications and market segments, creating power solutions that are cleaner and at a lower cost.


**NEW JOINT VENTURE**

Cummins announced in 2017 a new joint venture with Eaton to develop the most advanced automatic transmissions for commercial trucks.

The joint venture is named Eaton Cummins Automated Transmission Technologies.

It will design, sell and support all future medium-duty and heavy-duty automated transmissions for the commercial vehicle market.
OUT WITH THE OLD AND IN WITH THE NEW

In September of 2017, Cummins Repower™ was launched to provide more clean, efficient, and reliable turn-key crate engines to the market.

The first engine package released was the R2.8 Turbo Diesel — a small 4-cylinder engine with modern combustion technology and the emissions controls necessary to make it bring old vehicles back to life with ease.

Doubling the fuel economy while also reducing vehicle emissions is not uncommon in many of the typical installations’ daily driving routes. In off-road trail riding, R2.8 Turbo Diesel-powered vehicles have proven their superiority by consuming one third of the fuel of their gasoline companions while providing unrivaled low-end diesel torque.

DIGITAL ACCELERATOR

Customers are looking for convenient and responsive interactions, real-time updates, and information that make products safer, more productive, and easier to use.

In May 2017, Cummins formed a new internal organization led by Sherry Aaholm, Cummins Chief Information Officer, called the Digital Accelerator.

This new organization seeks to streamline data-based innovation, bringing concepts from the idea stage to commercialization at the most efficient and effective pace.
A VERY PRODUCTIVE YEAR

Developing and launching new products to help customers succeed is critical to Cummins’ sustainability. Here’s a look at product developments in 2017, a very busy year at the company:

JANUARY-MARCH

X12 ENGINES
Cummins unveils its highly efficient X12 engine for motor coaches.

X15 ENGINES
Cummins begins full production of its high efficiency X15 engine.

OILGUARD
Cummins provides the company’s OilGuard program free of charge for the X15 Efficiency Series and the X15 Performance Series for fleet customers and owner operators.

MIDRANGE ENGINES
Cummins announces further improvements to its MidRange engine lineup.

GUIDANZ
Cummins launches a new mobile app that uses advanced algorithms and cloud computing technology to improve customers’ service experience.

CONNECTED ADVISOR
Cummins launches Connected Advisor, delivering a new telematics-based solution to maximize uptime and improve engine reliability.

GENERATORS
Cummins announces the debut of the C100N6 – the largest of the new 45-kW to 100-kW spark-ignited family of generators.

OFF-HIGHWAY
Cummins announces trials of future concept drivelines for off-highway equipment.

APRIL-JUNE

TRANSMISSIONS
Cummins and power management company Eaton announce a joint venture to produce automated transmissions for heavy-duty and medium-duty vehicles.

RECON ENGINES
Cummins announces a customer case study at a Malaysian shipyard showing significant increases in fuel efficiency and uptime after a customer converted to Cummins ReCon engines.

X12 ENGINE
Cummins announces its recently launched X12 engine will set new industry standards for performance in fire and emergency apparatus.

BUS ENGINES
Cummins announces at a trade show in Spain that its B4.5 and B6.7 bus engines with a 112 kW to 224 kW ratings range, have 10 percent more torque, extended service intervals and a fully integrated stop-start option capable of significant fuel savings.

NATURAL GAS ENGINES
Cummins Westport, a joint venture between Cummins and Westport Industries, announces at a transportation expo that its 2018 L9N and ISX12N natural gas engines will produce emissions 90 percent below EPA standards for nitrous oxide (NOx), a key ingredient in smog.

ELECTRIC POWERTRAIN
Cummins pledges to have an all-electric powertrain for the urban bus market on the market by 2019 during a conference call with media.

RENEWABLE FUELS
Cummins announces its B4.5, B6.7 and L9 engines are compatible with paraffinic renewable diesel fuels meeting EN 15940 specification.

Metro, the Los Angeles County transportation system, awarded Cummins a $26.5 million contract in June 2017 to begin supplying its new near-zero L9N engines. The engines will replace those in Metro’s current CNG fleet. (Image courtesy of Metro ©2018 LACMTA)
JULY- SEPTEMBER

POWERTRAIN
Cummins features the Eaton Cummins Automated Transmission Technologies’ Endurant transmission at the North American Commercial Vehicle Show. Endurant is more than 100 pounds lighter than other competing transmissions.

FUTURE VISION
Cummins meets with the media to discuss its plans for clean diesel, near zero natural gas and electric power solutions and unveils a concept electric truck.

TELEMATICS
Cummins and Zonar announce the availability of Cummins’ Connected Diagnostics to customers using Zonar’s smart fleet management solution.

CRATE ENGINES
Cummins announces its R2.8 Turbo Diesel crate engine can now be purchased by engine enthusiasts for conversion projects at cumminsrepower.com.

ENGINE DESIGN
Cummins announces it has been awarded a contract to develop and demonstrate a technologically advanced engine for the next generation of U.S. combat vehicles.

OCTOBER – DECEMBER

BRAMMO
Cummins announces it is acquiring the assets of Brammo, which designs and develops battery packs for mobile and stationary applications.

LOCOMOTIVES
Cummins announces its QSK95 engine, the largest diesel engine the company produces, is in active service in California, Illinois, Michigan, Missouri and Wisconsin, powering Siemens’ ultra-low emission Charger passenger locomotive.

GENERATORS
Cummins unveils its new C125N6 and C150N6 models in the QSL8.9G generator series for stationary power applications.

ELECTRIFICATION
Cummins reveals electrified power technology for transit bus applications at a public transportation show in Atlanta.

CUMMINS APPROACH
Cummins does not use defeat devices and is committed to meeting emissions standards.
Cummins has a long history of working transparently and collaboratively with regulators to develop and meet emissions requirements.

LONDON BUSES
Cummins announces a clean diesel repower initiative to replace the engine and exhaust aftertreatment in older buses with a fully certified, very low emissions Euro VI system. The repower will enable pre-Euro VI legacy buses in London fleets to continue operating when the Ultra Low Emission Zone (ULEZ) takes effect in the city in April 2019.

POWER GENERATION
Cummins announces a strategic partnership to deploy a resilient, cleaner and cost-effective distributed generation platform for commercial and industrial customers.

GENERATORS
Cummins unveils its new RS125 and RS150 models in the QuietConnect series, ranging from 13 kW up to 150 kW to back up larger homes and small businesses.
# Partnering for Progress

Cummins believes in partnering with others to achieve innovation in its products. Here’s a look at six public-private partnerships the company is working on (agency is the Department of Energy unless noted):

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>PARTNERS</th>
<th>TECHNOLOGY</th>
<th>OBJECTIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACE</td>
<td>Achates Power</td>
<td>Opposed Piston, Two Stroke Engine Technology</td>
<td>Demonstrate low heat rejection, high power density, high efficiency technologies for future combat vehicles</td>
</tr>
<tr>
<td>ST2</td>
<td>Peterbilt, Eaton</td>
<td>Advanced engine, drivetrain, and vehicle technologies for Class 8 line-haul trucks</td>
<td>55 percent engine BTE with strong focus on commercial viability; greater than 125 percent freight efficiency improvement versus 2009 product</td>
</tr>
<tr>
<td>ETREE</td>
<td>Paccar, Argonne, National Renewable Energy Laboratory (NREL), OSU</td>
<td>Class 6 electric truck with diesel range extender engine</td>
<td>Greater than 50 percent petroleum reduction for 85 percent of Class 6 pickup and delivery applications</td>
</tr>
<tr>
<td>NEXTCAR</td>
<td>Purdue, Peloton, Peterbilt, NREL, ZF</td>
<td>Multiple controls concepts capitalizing on information and connectivity technologies to save fuel</td>
<td>Class 8 truck fuel savings exceeding 20 percent with technology costing less than $3,000 per truck</td>
</tr>
<tr>
<td>CERC-TRUCK</td>
<td>Argonne, Oak Ridge, Purdue University, Ohio State University, University of Michigan, Freightliner Custom Chassis Corp.</td>
<td>Medium duty electric truck with spark-ignited range extender and other high efficiency vehicle technologies</td>
<td>Cost-effective achievement of more than 50 percent freight efficiency improvement compared to today's medium-and heavy-duty vehicles</td>
</tr>
<tr>
<td>SOFC</td>
<td>Ceres, PNNL, University of Connecticut</td>
<td>Solid Oxide Fuel Cell technologies</td>
<td>60 percent electrical efficiency for the off-grid data center market</td>
</tr>
</tbody>
</table>

## Government Partnerships

Cummins’ longstanding partnerships with the U.S. Departments of Energy, Defense and other federal and state agencies directly support international and national goals of reducing greenhouse gas emissions, petroleum consumption and dependency, and improved air quality as well as enhanced military readiness.

These partnerships help Cummins lead the U.S. and other markets in competitiveness, technology and customer success while reducing criteria emissions from the global transportation and distributed power generation systems.
COMMITMENT TO CUSTOMERS IS KEY TO SUCCESS

Keeping customers on the job and out of the repair shop is critical to Cummins’ business and sustainability.

That’s why the company takes a multi-faceted approach to customer support, ranging from Cummins’ 24/7 Customer Solutions Center, implemented in North America in 2017, to the company’s Connected Diagnostics and telematics, capable of sending signals directly over the air to improve engine and vehicle efficiency.

Cummins’ goal is three-fold: prevent trouble, address problems quickly and completely, and partner in our customers’ success, caring as much as they do about the challenges they face.

Of course it’s easy to talk about customer assistance. Here’s how Cummins demonstrates its commitment:

CUMMINS CARE
Cummins answered about 384,000 customer service calls in North America in 2017, merging about 20 separate regional service phone numbers into one easy-to-remember number – 1-800-CUMMINS™.

Since the introduction of 1-800-CUMMINS in 2017, callers interact with a highly trained staff capable of answering many of their questions, and elevating those they can’t to experts.

Calls had an average wait time of 90 seconds in 2017 and 70 percent of customer issues were resolved within 24 hours.

Customers have the option to quickly and easily rate their experience by simply grading the call at its conclusion on a 1-to-5 scale, which Cummins then uses for continuous improvement.

LOOKING AHEAD
Cummins is investing in Human Centered Design to better understand its customers and their needs.

Human Centered Design calls for including the human perspective in all steps of problem solving to leverage diverse perspectives, engage customers and end-users, and learn through iterative design to effectively deliver innovative, customer-centric products and services.

In 2017, over 100 Cummins employees were trained in Human Centered Design with plans for 350 more in 2018.
The company is using what it learns in North America to improve customer support capabilities globally, standardizing processes where necessary while recognizing local cultures and practices.

Cummins Care also developed programs in 2017 to answer questions sent via email and instant messaging.

TELEMATICS AND CONNECTIVITY

The company is also using the convergence of telecommunications and information technology to provide customers the information they need to work more efficiently, increasing uptime and decreasing costly downtime.

Cummins’ Connected Diagnostics™, for example, enables the company to communicate with its engines to recommend actions the moment an engine system fault occurs.

Launched in 2014, Connected Diagnostics instantly transmits key engine and GPS data through a telematics connection, immediately applying Cummins’ analytics to transform the data into actionable information.

A diagnosis of the fault, and clear recommendations regarding the continued vehicle operation are sent instantly to the operator or fleet manager.

Connected Diagnostics is part of a suite of products Cummins offers through the use of telematics. Connected Advisor™, a service enabled by Connected Diagnostics, helps fleet managers and operators prioritize recommendations to determine whether something requires immediate attention or can be scheduled a few days out.

Connected Software Updates™ deliver secure software updates for engine calibrations over-the-air, without a trip to the repair shop.

GUIDANZ™ INCREASES UPTIME FOR SERVICE PROVIDERS

Cummins Guidanz is a suite of genuine service products, features and capabilities launched in 2017. It maximizes efficiency by streamlining processes associated with a service event.

Guidanz enables service providers to offer quicker and more accurate service for greater customer satisfaction and improved uptime. There are more than 5,000 users utilizing Guidanz Web and the Guidanz mobile app.

Immediate Assessment, a feature of Guidanz, allows service providers to pull prioritized fault codes – estimating repair time and indicating the most likely cause of failure – wirelessly through their smart phones or tablets anywhere Internet service is available. Even if every service bay is full, an assessment can be made so the service provider can more effectively schedule and triage service work.

Customer support lines, telematics and helping service providers are just three ways Cummins demonstrates it is serious about customer service.

BY THE NUMBERS

Here’s a look at Cummins’ customer support by the numbers:

- **384,000**
  Number of calls in North America to 1-800-CUMMINS in 2017.

- **70**
  Percentage of customer calls to 1-800-CUMMINS resolved within 24 hours.

- **20**
  Approximate number of regional phone numbers merged into a single customer hotline.

- **120,000**
  Estimated number of engines connected to Connected Diagnostics telematics system.
Cummins believes a sustainable company is built on a foundation of good governance that promotes ethical behavior at all levels. The Ethics & Compliance function focuses on helping Cummins maintain its tradition as an ethical company as it grows globally.

While it has been renovated and expanded many times, the Columbus Engine Plant in Columbus, Indiana (U.S.A.) goes back to the earliest days of the company and figures such as founder Clessie Cummins and longtime CEO J. Irwin Miller worked within its walls. They established Cummins as an ethical company.
All company employees worldwide, regardless of position, are expected to observe high ethical standards and comply with the company’s Code of Business Conduct. The code is built around 10 ethical principles the company reinforces through more than a dozen online training courses.

The courses touch on issues such as anti-bribery, conflicts of interest, data privacy, export compliance, fair labor standards and fair competition. In addition, Cummins conducts an annual ethics certification process to ensure employees around the world understand and follow the code and its underlying policies.

In 2017, 24,533 employees and officers, including all members of the Board of Directors, completed Cummins’ annual Ethics Certification. The Ethics & Compliance function reviewed any exceptions and worked with Cummins’ Human Resources staff to ensure they were documented and investigated.

Ethics & Compliance also helps develop new policies, updates existing policies, and provides guidance on compliance issues around the company. In 2017, the function played a key role in the drafting of a new Human Rights Policy and provided guidance on a host of issues such as Sales Agents and Third Party Intermediaries, Governmental Sales and Fair Competition and Anti-Trust.

Cummins employees can report ethical concerns at ethics.cummins.com or by calling the company’s Ethics Help Line. Phone numbers are available at ethics.cummins.com.

A story on the policy and the policy itself are publicly available in The Newsroom on cummins.com.

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The Cummins non-retaliation policy protects employees who raise concerns in good faith. Where allowed by law, employees may report concerns anonymously.

See the full code.

Cummins adopted its first Human Rights Policy in 2017, addressing human rights violations ranging from human trafficking and child labor to forced labor and indentured labor.

The company also commits to supply chain transparency, pledging to work with suppliers and partners in high risk locations to mitigate the risk of human trafficking and other human rights violations.

A story on the policy and the policy itself are publicly available in The Newsroom on cummins.com.

Training and guidance are not enough to ensure compliance. Cummins relies on its employees to speak up if they witness behavior they believe violates the Code of Conduct.

Once a potential issue is reported, Cummins has a global team of Master Investigators who investigate alleged Code of Conduct violations. In 2017, nearly 2,000 cases were investigated. Thirty-eight percent of those cases were substantiated and 38 percent of the substantiated cases led to terminations.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cases</td>
<td>1,559</td>
<td>1,830</td>
<td>1,772</td>
<td>1,904</td>
</tr>
<tr>
<td>Cases outside U.S.</td>
<td>45%</td>
<td>43%</td>
<td>48.5%</td>
<td>49.7%</td>
</tr>
<tr>
<td>Cases in the U.S.</td>
<td>55%</td>
<td>57%</td>
<td>51.5%</td>
<td>50.3%</td>
</tr>
<tr>
<td>Anonymous reports</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>32%</td>
</tr>
<tr>
<td>Cases substantiated</td>
<td>48%</td>
<td>53%</td>
<td>43%</td>
<td>38%</td>
</tr>
<tr>
<td>Terminations*</td>
<td>29%</td>
<td>27%</td>
<td>37%</td>
<td>38%</td>
</tr>
<tr>
<td>Average days to close</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>16</td>
</tr>
</tbody>
</table>

* Termination data based on percentages of substantiated cases.
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 first quarter of 2018.

<table>
<thead>
<tr>
<th>TRAINING</th>
<th>ENROLLED</th>
<th>COMPLETED</th>
<th>% COMPLETED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-Bribery</td>
<td>30,181</td>
<td>29,559</td>
<td>98 percent</td>
</tr>
<tr>
<td>Anti-Bribery Refresher</td>
<td>23,391</td>
<td>22,805</td>
<td>97 percent</td>
</tr>
<tr>
<td>Global Anti-Bribery</td>
<td>31,282</td>
<td>28,355</td>
<td>91 percent</td>
</tr>
<tr>
<td>Careful Communications</td>
<td>31,283</td>
<td>30,654</td>
<td>98 percent</td>
</tr>
<tr>
<td>Code of Business Conduct Refresher</td>
<td>26,927</td>
<td>25,741</td>
<td>96 percent</td>
</tr>
<tr>
<td>Conflicts of Interest</td>
<td>582</td>
<td>525</td>
<td>90 percent</td>
</tr>
<tr>
<td>Data Privacy</td>
<td>6,721</td>
<td>6,316</td>
<td>98 percent</td>
</tr>
<tr>
<td>Doing Business Ethically</td>
<td>31,283</td>
<td>30,501</td>
<td>98 percent</td>
</tr>
<tr>
<td>Export Compliance</td>
<td>23,947</td>
<td>22,163</td>
<td>93 percent</td>
</tr>
<tr>
<td>Treatment of Each Other at Work Refresher</td>
<td>19,908</td>
<td>19,328</td>
<td>97 percent</td>
</tr>
<tr>
<td>Fair Labor Standards</td>
<td>485</td>
<td>482</td>
<td>99 percent</td>
</tr>
<tr>
<td>Code of Business Conduct – New Hire</td>
<td>59,311</td>
<td>55,190</td>
<td>93 percent</td>
</tr>
<tr>
<td>Treatment of Each Other at Work – New Hire</td>
<td>59,311</td>
<td>55,139</td>
<td>93 percent</td>
</tr>
<tr>
<td>Fair Competition 2016</td>
<td>28,312</td>
<td>25,120</td>
<td>89 percent</td>
</tr>
</tbody>
</table>

The Supplier Code of Conduct helps the company ensure it is doing business with other companies around the world sharing Cummins’ values for sustainable practices.

It is built around seven principles:

01 Obey the law everywhere.
02 Treat people with dignity and respect.
03 Avoid conflicts of interest.
04 Provide a safe and healthy workspace.
05 Protect Cummins technology, information and intellectual property.
06 Protect the environment.
07 Assist Cummins in enforcing the code.

Cummins requires a verification response from suppliers that they comply with the code before they are added to the company’s supplier database. Cummins may visit facilities, review documentation and conduct an audit if necessary to ensure compliance.
BOARD PROTECTS INTERESTS OF SHAREHOLDERS

The Board of Directors protects the interests of the company’s shareholders, exercising sound and independent judgment on significant issues at Cummins.

It includes 10 independent directors, consistent with the definition established by the U.S. Securities and Exchange Commission, and two members who are employees at Cummins.

Two new members were elected to the board in 2017:

› Karen H. Quintos, Chief Customer Officer at Dell Technologies Inc., a global supplier of personal computers.

› Rich Freeland, President and Chief Operations Officer at Cummins.

All directors are elected annually. The board has the freedom to determine the Chairman and Chief Executive Officer based solely on what it believes is in the best interests of the company and its shareholders.

Currently, the board believes the company’s interests are best served by combining the roles of Chairman and CEO and appointing an independent Lead Director. The board reviews this decision annually.

Cummins’ board has six standing committees:

› Governance and Nominating

› Audit

› Compensation

› Executive

› Finance

› Safety, Environment and Technology

You can learn more about the board and governance at the company by going to the board’s website.

BOARD GOVERNANCE AT A GLANCE

Here’s a quick look at key governance matters regarding Cummins Board of Directors. To learn more go to the governance documents website.

BOARD

› Size of Board: 12 members

› Independent Directors: 10 members

› Average Age of Directors: 62 years old

› Mandatory Retirement Age: 72 years old

› Annual Election of Directors: Yes

› Women and Minority Board Members: 42 percent

› Majority Voting in Director Elections: Yes

› Average Director Tenure: 9 years

› Board Meetings held in 2017: 6 meetings

LEADERSHIP

› Combined Chairman and CEO: Yes

› Independent Lead Director: Yes

PROCEDURAL

› Super Majority Voting Threshold for Mergers: No

› Proxy Access: Yes

› Shareholder Right to Amend Bylaws: Yes

› Shareholder Called Special Meetings: Yes

› Poison Pill: No

POLICIES/GUIDELINES

› Code of Conduct for Directors, Officers and Employees: Yes

› Stock Ownership Guidelines for Directors and Executive Officers: Yes

› Anti-Hedging and Pledging Policies: Yes

› Compensation Recoupment Policy: Yes
INTRODUCTION

CORPORATE RESPONSIBILITY
HEALTH & SAFETY
DIVERSITY & INCLUSION

FINANCIAL
INNOVATION
CUSTOMER SUPPORT
ETHICS & GOVERNANCE

CUMMINS BOARD MEMBERS

DR. FRANKLIN R. CHANG DIAZ
Chairman and CEO of Ad Astra Rocket Company, a U.S. spaceflight engineering company based in Houston, Texas. He joined the board in 2009.
Committees: Finance Committee; Safety, Environment and Technology Committee; Governance and Nominating Committee

ROBERT J. BERNHARD
Vice President for Research and a professor of Engineering at the University of Notre Dame. He joined the board in 2008.
Committees: Audit Committee; Safety, Environment and Technology Committee; Governance and Nominating Committee

STEPHEN B. DOBBS
Retired Senior Group President at Fluor Corporation, a Fortune 500 company offering engineering, procurement, construction, maintenance, and project management services. He joined the board in 2010.
Committees: Audit Committee; Safety, Environment and Technology Committee; Governance and Nominating Committee

BRUNO V. DI LEO
Senior Vice President, IBM Corporation, a global technology and consulting company. He joined the board in 2015.
Committees: Finance Committee; Safety, Environmental and Technology Committee; Governance and Nominating Committee

ROBERT K. HERDMAN
Managing Director of Katorama Partners, LLC, a Washington, D.C.-based consulting firm. He joined the board in 2008.
Committees: Audit Committee; Compensation Committee; Governance and Nominating Committee

RICH J. FREELAND
President and Chief Operating Officer, Cummins Inc. He joined the board in 2017.
Committees: He does not serve on any committees.

ALEXIS M. HERMAN
Chairman and CEO of New Ventures, LLC, a corporate consulting company. She joined the board in 2001 and currently serves as Lead Director.
Committees: Finance Committee; Safety, Environment and Technology Committee; Governance and Nominating Committee; Lead Director; Executive Committee of the Board of Directors.

GEORGIA R. NELSON
President and CEO of PTI Resources, LLC, an independent consulting firm. She joined the board in 2004.
Committees: Audit Committee; Compensation Committee; Governance and Nominating Committee

KAREN H. QUINTOS
Chief Customer Officer of Dell Technologies Inc., a global supplier of personal computers and other computer hardware items. She joined the board in 2017.
Committees: Audit Committee; Safety, Environment and Technology Committee; Governance and Nominating Committee

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.
Committees: Audit Committee; Compensation Committee; Governance and Nominating Committee; Executive Committee of the Board

THOMAS J. LYNCH
Chairman, TE Connectivity Ltd., a global provider of connectivity and sensor solutions. He joined the board in 2015.
Committees: Compensation Committee; Finance Committee; Governance and Nominating Committee

N. THOMAS LINEBARGER
Chairman and Chief Executive Officer, Cummins Inc. He joined the board in 2009.
Committees: Executive Committee of the Board

CUMMINS SUSTAINABILITY PROGRESS REPORT 2017

PREV NEXT
Managing risk effectively is another critical factor in Cummins’ sustainability. To get that job done, the company’s Enterprise Risk Management (ERM) team works with the company’s top leaders, regional leaders in Cummins’ Area Business Organizations (ABOs) and Cummins’ Internal Audit function.

The company’s approach to risk starts with its Enterprise Risk Council, made up of the company’s top leaders who, working with ERM, oversee risk management and provide direction on risk-related matters.

The council, established in 2016, is part of a framework designed to drive continuous improvement in risk management, where risk is recognized and responded to appropriately. Each company leader on the council takes ownership of individual risks that could impact the company’s growth plans or long-term sustainability.

In 2017, ERM also worked with the leaders of Cummins’ regional organizations, known as ABOs, to take greater oversight of risk management at individual locations within the company, especially those deemed critical to Cummins’ operations.

As of 2017, every Cummins location, more than 600 in all, has a Business Continuity Plan. The plan directs how each site would operate in the midst of a major disruption such as a natural disaster affecting the location or a major supplier.

Sites are required to conduct tabletop exercises on a regular basis to test how each would react in the midst of an emergency. ABO leaders are responsible for ensuring these exercises are both robust and accomplished within their regions.

In addition, more extensive “stress tests” are conducted at least once every four years by a third party working with ERM and other functions at Cummins at the more than 70 sites deemed most critical to Cummins’ operations.

ERM also keeps a running list of nearly 100 top risks facing the company. It works with the Internal Audit function to prepare special reports on the 20 or so thought to present the greatest risk to Cummins and reports regularly on them to the company’s Board of Directors.

Cummins believes this multi-faceted approach is critical to effectively managing risk.

RISK AND THE ENVIRONMENT
Cummins considers environmental risks among the top 100 the company faces.

Among its top 20 risks is uncertainty about product regulations. This could include the regulations themselves or enforcement of regulations. Cummins supports tough, clear and enforceable environmental regulations that drive innovation.

The company also includes facility compliance with environmental regulations a risk within the top 100. The company believes it has established a strong record for compliance with the most stringent environmental regulations for facilities.
The company’s Government Relations staff advocates globally for policies, legislation, government research funding and regulatory guidelines that promote products and technologies benefiting the environment and other matters important to Cummins.

Efforts in the United States include working with Congress, the White House, state governments, trade associations and industry to protect fuel efficiency regulations and develop next-tier pollution standards for heavy duty vehicles, and to broadly educate policy makers about how economic development and competitiveness can flourish when regulations are tough, clear and enforceable.

In China, Cummins continues to advocate for the adoption of strict emission standards across all engines. The company has provided the Chinese government with technical advice, global best practices and thought leadership in preparation for the implementation of new emissions regulations (NS IV and CS IV).

With decentralization of the government approval authority, Cummins China effectively created a grassroots outreach effort engaging the company’s senior regional leadership with local Chinese officials to establish Cummins as a strong resource in environmental and manufacturing matters.

In Europe, Cummins is advocating for future (post Stage V for non-road and Euro VI for on-highway) emissions standards that are tough, clear and enforceable and maintain focus on the engine. Government Relations is also promoting the idea of including an engine focused element in the heavy duty vehicle carbon dioxide (CO₂) emissions regulation, rather than solely a whole vehicle limit to enable further CO₂ reductions.

As the company continues developing innovative technology for customers, Cummins continues to partner with policy makers and regulators around the world.

Cummins CEO Tom Linebarger has forcefully argued for free trade, testifying before a congressional committee in 2017 and appearing at a number of forums. He maintains trade can be good for everyone involved.
**POLITICAL ACTIVITIES**

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 2017.

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**POLITICAL CONTRIBUTIONS**

In the U.S., political contributions are made by the Cummins Inc. Political Action Committee (CIPAC), and funded solely by voluntary employee contributions. CIPAC makes contributions to federal and state candidates on a bipartisan basis and according to federal and state election laws. CIPAC is governed by corporate policies and bylaws that state:

- CIPAC contributions are strictly voluntary.
- Employees will not be reimbursed directly or indirectly for political contributions.
- Employees will not be pressured to contribute to CIPAC or make any other personal political contribution.
- Failure to contribute to CIPAC shall not disadvantage an employee’s career.

CIPAC contributions are based on:

- Public integrity of the candidate.
- Representation of a Cummins facility or employees.
- Support for issues important to Cummins.
- Timely and effective constituent service.
- Political leadership or organization.
- Support for the company’s values.

All of CIPAC’s activities are disclosed to the Cummins Board of Directors in an annual political contribution report. A complete list of the political action committee’s contributions to candidates is available [here](#).

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**TRADE ORGANIZATION** | **LOBBYING ESTIMATE** | **KEY ISSUES**
--- | --- | ---
American Benefits Council | $1,560.00 | Employer sponsored benefits
American Trucking Association | $13,428.24 | Trade, environment
Business Roundtable | $237,150.00 | Trade, taxes
National Association of Manufacturers | $40,429.50 | Immigration, trade, manufacturing
The Truck and Engine Manufacturers Association | $2,398.00 | Truck and engine manufacturing
U.S. Chamber of Commerce | $7,500.00 | Taxes, immigration
**TOTAL** | **$302,465.74** |