Introduction

Please give a general description and introduction to your organization

Cummins Inc., a global power leader, is a corporation of complementary business units that design, manufacture, distribute and service diesel and natural gas engines and related technologies, including fuel systems, controls, air handling, filtration, emission solutions and electrical power generation systems. Headquartered in Columbus, Indiana, (USA) Cummins currently employs approximately 55,400 people worldwide and serves customers in approximately 190 countries and territories through a network of approximately 600 company-owned and independent distributor locations and approximately 7,400 dealer locations. Cummins earned $1.39 billion on sales of $17.5 billion in 2016. Press releases can be found on the Web at www.cummins.com. Follow Cummins on Twitter at www.twitter.com/cummins and on YouTube at www.youtube.com/cumminsinc.

Complementing to evolving technologies and changing customer needs, a critical determinant of Cummins’ success over the long term is our ability to create an organization that is focused on delivering on our commitments to the full range of stakeholders we serve. The values that define Cummins are designed to endure and have never been more important to us than in today’s economic climate. Our Sustainability Report this year celebrates our six core values: Integrity, Innovation, Delivering Superior Results, Corporate Responsibility, Diversity and Global Involvement. Our leaders have embraced these values to guide the Company in good times and bad. Just since their adoption in the year 2000, they have helped Cummins successfully navigate multiple recessions, tremendous technological changes in our industry and the advent of fierce global competition. Cummins’ values provide us with a foundation that enables our Company to look at challenging times not as a moment to stand still, but rather as an opportunity to position ourselves for a bright future, relying on our values to guide us more than ever.

Our Company has long worked under the premise that our strength is dependent on the health of the communities in which we operate and where our products are sold. From that perspective, the notion of sustainability is not a luxury, but rather a critical component to our long-term success.

For reporting purposes to CDP, Cummins uses the following definition for its reporting boundary: all consolidated operations and joint ventures subscribing to Cummins Environment Management system.
Reporting year
Please state the start and end date of the year for which you are reporting data

<table>
<thead>
<tr>
<th>Period for which data is reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fri 01 Jan 2016 - Sat 31 Dec 2016</td>
</tr>
</tbody>
</table>

W0.3
Reporting boundary
Please indicate the category that describes the reporting boundary for companies, entities, or groups for which water-related impacts are reported

Companies, entities or groups over which operational control is exercised

W0.4
Exclusions
Are there any geographies, facilities or types of water inputs/outputs within this boundary which are not included in your disclosure?

No

W0.4a
Exclusions
Please report the exclusions in the following table
### W1.1

**Please rate the importance (current and future) of water quality and water quantity to the success of your organization**

<table>
<thead>
<tr>
<th>Water quality and quantity</th>
<th>Direct use importance rating</th>
<th>Indirect use importance rating</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sufficient amounts of good quality freshwater available for use</td>
<td>Vital for operations</td>
<td>Important</td>
<td>Drinking quality water is needed to support employee needs, and if the necessary quality is not available we do have the ability to treat onsite. Indirectly our needs are mainly associated with the process of providing raw materials for our production.</td>
</tr>
<tr>
<td>Sufficient amounts of recycled, brackish and/or produced water available for use</td>
<td>Important</td>
<td>Important</td>
<td>Water is necessary for operation, without water we cannot operate; however, the source and quality of the water is flexible depending upon process, and we do have treatment capability to obtain necessary quality level. Cummins doesn’t withdraw brackish / seawater directly for our processes or sanitation needs. Produced water is not applicable for Cummins. Cummins do use recycled water to offset the use of fresh water, hence making it important to reduce the water withdrawn.</td>
</tr>
</tbody>
</table>

### W1.2
For your total operations, please detail which of the following water aspects are regularly measured and monitored and provide an explanation as to why or why not

<table>
<thead>
<tr>
<th>Water aspect</th>
<th>% of sites/facilities/operations</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water withdrawals - total volumes</td>
<td>76-100</td>
<td>Globally, all the facilities that are subscribed to Cummins Enterprise Environmental Management System (this includes all Cummins managed facilities and 50:50 non-managed Joint Venture Operations) regularly measure, monitor and report this aspect. Cummins tracks this aspect globally since 2008. For facilities exposed to water risks from China, India and Mexico totaled 13.6 percent of 2016 Cummins water withdrawal.</td>
</tr>
<tr>
<td>Water withdrawals - volume by sources</td>
<td>76-100</td>
<td>There are five water withdrawal by source indicators in our water withdrawal tracking: 1) Water from Cummins Owned Well; 2) Water supplied from other sources; 3) Water Supplied from Public/Private Utility; 4) Water trucked/hauled from onsite; 5) Stormwater/Rainwater Harvesting for On-site Use. There is also a catch all category: “Water supplied from other sources” that doesn’t fall under one of the above four categories. Currently this catch all category is about 0.1 percent of the total water withdrawal. Cummins continuously monitors this category to analyze if any significant sources are missing that can be added to our tracking.</td>
</tr>
<tr>
<td>Water discharges - total volumes</td>
<td>76-100</td>
<td>Similar to water withdrawal, Cummins also tracks water discharges from all global facilities subscribed to Cummins Enterprise EMS and 50:50 Joint Venture operations. The categories tracked include: 1) Industrial &amp; Sanitary waste water discharged to public/private treatment works, 2) Onsite treated water released to (a) Surface Waters/Streams, (b) Underground (Eg: Septic Leach Field, Sub Surface Injection), (c) Irrigation, and 3) Treated/Untreated wastewater trucked offsite. Cummins also tracks 1) Fire testing water discharged to environment and 2) Fresh water used for landscape irrigation.</td>
</tr>
<tr>
<td>Water discharges - volume by destination</td>
<td>76-100</td>
<td>The categories tracked by destination include: 1) Industrial &amp; Sanitary waste water discharged to public/private treatment works, 2) Onsite treated water released to (a) Surface Waters/Streams, (b) Underground (Eg: Septic Leach Field, Sub Surface Injection), (c) Irrigation, and 3) Treated/Untreated wastewater trucked offsite. Cummins also tracks 1) Fire testing water discharged to environment and 2) Fresh water used for landscape irrigation.</td>
</tr>
<tr>
<td>Water discharges - volume by treatment method</td>
<td>Less than 1%</td>
<td>Cummins collects discharge data by discharge method rather than treatment method. Sites have various types of treatment facilities that are categorized such as pretreatment facilities, reuse facilities, package plants etc.. Cummins is more concerned with discharge location such as discharge to a POTW or direct discharge, which is why we collect data in this manner.</td>
</tr>
<tr>
<td>Water discharge quality data - quality by standard effluent parameters</td>
<td>Less than 1%</td>
<td>Cummins facilities track their quality data for effluent. We do not roll-up comprehensive data at the corporate level, however, we do track any exceedance of criteria and offer support as necessary. Cummins is currently working on Global Water Standards that would potentially require the tracking of the discharge quality rolled up at various organizational levels.</td>
</tr>
</tbody>
</table>
Water aspect | % of sites/facilities/operations | Please explain
---|---|---
Water consumption- total volume | 76-100 | For analyzing the amount of water that is used but not returned to its original source, Cummins tracks, 1) Evaporative Losses (cooling towers, etc.) and 2) Water Used in Product for Sale
Facilities providing fully-functioning WASH services for all workers | 76-100 | Drinking quality water is needed to support employee needs is important for Cummins, and if the necessary quality is not available we do have the ability to treat onsite. All facilities have necessary sanitation facilities available for employees.

**W1.2a**

Water withdrawals: for the reporting year, please provide total water withdrawal data by source, across your operations

<table>
<thead>
<tr>
<th>Source</th>
<th>Quantity (megaliters/year)</th>
<th>How does total water withdrawals for this source compare to the last reporting year?</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh surface water</td>
<td>0</td>
<td>Not applicable</td>
<td>Cummins facilities don't extract water directly from fresh surface water for sanitation or process needs. However, there could be indirect supply through the public/private utilities or trucked water that may be extracted from fresh surface water.</td>
</tr>
<tr>
<td>Brackish surface water/seawater</td>
<td>0</td>
<td>Not applicable</td>
<td>Cummins facilities don't withdraw water from brackish surface/seawater for any sanitation or process needs.</td>
</tr>
<tr>
<td>Rainwater</td>
<td>5</td>
<td>Much lower</td>
<td>Several Cummins facilities have on-site rainwater / stormwater harvesting. However, only few sites in India, UK, Brazil, Mexico, etc. use this for on-site purposes. The 56 percent decrease was due to amount of rainfall and ability to use</td>
</tr>
<tr>
<td>Groundwater - renewable</td>
<td>226</td>
<td>Much lower</td>
<td>This category includes water from Cummins owned wells. Compared to 2015, this was decreased by 22 percent in 2016.</td>
</tr>
<tr>
<td>Groundwater - non-renewable</td>
<td>0</td>
<td>Not applicable</td>
<td>Cummins facilities don't withdraw water from non-renewable ground water sources</td>
</tr>
<tr>
<td>Produced/process water</td>
<td>0</td>
<td>Not applicable</td>
<td>Not applicable for Cummins as this indicator is included specifically for oil and gas industry</td>
</tr>
<tr>
<td>Municipal supply</td>
<td>3305</td>
<td>About the same</td>
<td>Overall water withdrawal from municipal water supplies was about the same in 2016</td>
</tr>
</tbody>
</table>
How does total water withdrawals for this source compare to the last reporting year?

<table>
<thead>
<tr>
<th>Source</th>
<th>Quantity (megaliters/year)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater from another organization</td>
<td>0</td>
<td>Not applicable. Cummins facilities don't withdraw wastewater from another organization</td>
</tr>
<tr>
<td>Total</td>
<td>3536</td>
<td>About the same. The overall water withdrawal was down by 2 percent though Cummins footprint increased due to acquisition of North America distributors or start of new facilities. The decrease was compared to 2015.</td>
</tr>
</tbody>
</table>

Cummins facilities don't withdraw wastewater from another organization.

Overall decrease by 2 percent as compared to 2015, though Cummins footprint increased due to acquisition of North America distributors or start of new facilities.

Water discharges: for the reporting year, please provide total water discharge data by destination, across your operations

<table>
<thead>
<tr>
<th>Destination</th>
<th>Quantity (megaliters/year)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh surface water</td>
<td>204</td>
<td>Down by 12 percent as compared to 2015</td>
</tr>
<tr>
<td>Brackish surface water/seawater</td>
<td>0</td>
<td>Cummins does not have any facilities that report discharges to brackish surface water sources.</td>
</tr>
<tr>
<td>Groundwater</td>
<td>374</td>
<td>Increase by 3 percent as compared to 2015</td>
</tr>
<tr>
<td>Municipal/industrial wastewater treatment plant</td>
<td>1675</td>
<td>Decrease by 4 percent as compared to 2015. Cummins has excluded the wastewater trucked or hauled outside for treatment purposes from this category. The same is now separately reported under wastewater for another organization.</td>
</tr>
<tr>
<td>Wastewater for another organization</td>
<td>31</td>
<td>This is our first year of measurement</td>
</tr>
<tr>
<td>Total</td>
<td>2284</td>
<td>Overall decrease by 4 percent as compared to 2015. Primary due to the decrease in water usage</td>
</tr>
</tbody>
</table>

Starting 2016 we have added this category as the wastewater that is trucked or hauled outside for treatment purposes.
W1.2c

Water consumption: for the reporting year, please provide total water consumption data, across your operations

<table>
<thead>
<tr>
<th>Consumption (megaliters/year)</th>
<th>How does this consumption figure compare to the last reporting year?</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1057</td>
<td>About the same</td>
<td>The overall consumption decreased slightly by 2 percent. This category includes losses due to evaporation and water used in products for sale.</td>
</tr>
</tbody>
</table>

W1.3

Do you request your suppliers to report on their water use, risks and/or management?

Yes

W1.3a

Please provide the proportion of suppliers you request to report on their water use, risks and/or management and the proportion of your procurement spend this represents

<table>
<thead>
<tr>
<th>Proportion of suppliers %</th>
<th>Total procurement spend %</th>
<th>Rationale for this coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-25</td>
<td>26-50</td>
<td>5 percent by count, 37 percent by spend. Rationale is that because we are early in this process, we chose to focus on high spend suppliers in typical high risk regions such as India and South America. CMI has over 4,000 suppliers of productive parts, many are low spend or in areas traditionally considered low risk for water consumption and/or pollution. Therefore, we</td>
</tr>
</tbody>
</table>
W1.3b

Please choose the option that best explains why you do not request your suppliers to report on their water use, risks and/or management.

<table>
<thead>
<tr>
<th>Primary reason</th>
<th>Please explain</th>
</tr>
</thead>
</table>

W1.4

Has your organization experienced any detrimental impacts related to water in the reporting year?

No

W1.4a

Please describe the detrimental impacts experienced by your organization related to water in the reporting year.
Please choose the option below that best explains why you do not know if your organization experienced any detrimental impacts related to water in the reporting year and any plans you have to investigate this in the future.

<table>
<thead>
<tr>
<th>Primary reason</th>
<th>Future plans</th>
</tr>
</thead>
</table>

**Further Information**

**Module: Risk Assessment**

**Page: W2. Procedures and Requirements**

**W2.1**

Does your organization undertake a water-related risk assessment?

Water risks are assessed
Please select the options that best describe your procedures with regard to assessing water risks

<table>
<thead>
<tr>
<th>Risk assessment procedure</th>
<th>Coverage</th>
<th>Scale</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water risk assessment undertaken independently of other risk assessments</td>
<td>Direct operations and supply chain</td>
<td>All facilities and some suppliers</td>
<td>Water risk has been evaluated using a six sigma process that utilized forecast risk data from various organizations such as WRI. The risk projections are through 2025 and using this specific information along with Site specific parameters 31 Priority and Secondary Priority sites were identified. Water consults are conducted at sites based on risk and opportunity. Consults include risk discussions and thorough reviews of water consumption. There were 264 critical suppliers that have been reviewed for water stress. These suppliers will be required to provide a risk mitigation plan for our review. In addition to the six sigma project and the supplier engagement, CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft. This new tool will help assign a risk factor for each site that can be used when evaluating investment opportunities.</td>
</tr>
</tbody>
</table>

W2.3

Please state how frequently you undertake water risk assessments, at what geographical scale and how far into the future you consider risks for each assessment

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Geographic scale</th>
<th>How far into the future are risks considered?</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sporadically not defined</td>
<td>Facility</td>
<td>&gt;6 years</td>
<td>Risk was evaluated using forecast data to 2025 from various organizations such as WRI. This along with Site specific parameters identified 31 Priority and Secondary Sites. Five regions declared as water scarce regions. Consults including risk discussions and reviews of water consumption are conducted. In 2016 CMI developed a real time risk tool that uses water risk and quality data from Maplecroft. This tool will assign a risk factor for sites, suppliers or new facility locations.</td>
</tr>
</tbody>
</table>
Have you evaluated how water risks could affect the success (viability, constraints) of your organization’s growth strategy?

Yes, evaluated over the next 1 year

Please explain how your organization evaluated the effects of water risks on the success (viability, constraints) of your organization’s growth strategy?

While not formally evaluated risk has been a major consideration in water scarce regions such as at SLP (Mexico) for expansion planning. Also, we have looked at water and understand that in most cases we have options to treat or go waterless. We've taken actions such as installation of regenerative dynos and no discharge cooling towers in Phaltan (India) that have supported expansion in this water scarce area. The Highhorse Power facility in Phaltan has also ceased operations of water intensive cooling towers through the efficient use of chillers. CMI has also included restrictions and recommendation related to water in the new plant start up procedure that eliminate one pass cooling systems and encourage water elimination and conservation measures.

What is the main reason for not having evaluated how water risks could affect the success (viability, constraints) of your organization's growth strategy, and are there any plans in place to do so in the future?

Please state the methods used to assess water risks
Method | Please explain how these methods are used in your risk assessment
--- | ---
FAO/AQUASTAT Internal company knowledge | In order to develop an objective tool that analyzed sites based on the most relevant variables, CMI developed a cause & effect matrix to prioritize sites. The matrix uses key water risk/demand indicators including: 1) the site’s self-assessment of water risk from a survey on source water sustainability, quality, discharge, regulatory, and cost considerations addressing both current and future (2017 & beyond) conditions, 2) the size and complexity of the site, 3) the presence or absence of water supply assessments, 4) and watershed-specific stress indicators. Cummins worked with a consultant to develop a composite picture of current and future water stress by combining data from WRI Aqueduct Tool, WBCSD Global Water Tool, and consultant expertise in the countries/regions where we operate. Portions of this data extend to 2025. Scoring and weighting factors were applied to each of the key variables of the C&E matrix and an ‘at risk’ threshold was defined as any sites scoring 150 or above in total composite score. Based on these results, we conducted detailed watershed assessments at 5 locations. In addition to the watershed assessments over 20 site audits have been conducted to further validate conditions at prioritized sites. These audits and assessments identified areas for water management improvements including conservation, risk management, and community/watershed engagement opportunities. Water risk for 264 of our critical suppliers has been assessed using the Maplecroft tool. In addition to the six sigma project and the supplier engagement, CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft. This new tool will help assign a risk factor for each site that can be used when evaluating investment opportunities.
Life Cycle Assessment | 
Maplecroft Global Water Security Risk Index | 
WBCSD Global Water Tool | 
WRI water stress definition | 
WRI Aqueduct | 
Other: World Bank Governance Indicators | 

W2.6

Which of the following contextual issues are always factored into your organization’s water risk assessments?

<table>
<thead>
<tr>
<th>Issues</th>
<th>Choose option</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current water availability and quality parameters at a local level</td>
<td>Relevant, included</td>
<td>Cummins recognizes that water supply availability and quality is critical for our operations. Based upon our risk screening activities, the company conducted water source assessments in our three most critical communities. Water availability is considered through our water audit process at prioritized facilities and our internal audit process as part of Cummins Enterprise HSEMS. Water must be ranked and assessed as part of our business continuity planning process and is included as a component of the C&amp;E Matrix in the risk assessment.</td>
</tr>
<tr>
<td>Current water regulatory frameworks and tariffs at a local level</td>
<td>Relevant, included</td>
<td>Cummins recognizes that regulatory constraints can affect our operations related to both water supply availability and discharge requirements. As a component of the C&amp;E Matrix in the risk assessments</td>
</tr>
<tr>
<td>Issues</td>
<td>Choose option</td>
<td>Please explain</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>---------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>noted above addressed both current and future regulatory conditions. The water audit data collection process also drives assessment of regulatory conditions. Finally, as part of Cummins global enterprise HSEMS, all sites are required to conduct an annual compliance audit that includes water and wastewater requirements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current stakeholder conflicts concerning water resources at a local level</td>
<td>Relevant, included</td>
<td>In areas where access to adequate fresh water is inconsistent, the potential for stakeholder conflicts exists and is included as part of the site self assessment. The water source assessments referenced above address this topic. Additionally, recently set a goal to achieve “Water Neutrality” at 15 facilities in the key water stressed countries. This goal and the activities supporting its execution are coupled with our long standing Corporate Responsibility Program to promote active engagement with community partners. Seven large facilities (facilities that consume more than 1 million gallons of water per year) have been declared water neutral as of the end of 2016.</td>
</tr>
<tr>
<td>Current implications of water on your key commodities/raw materials</td>
<td>Relevant, included</td>
<td>In preparing our 2020 sustainability plan, Cummins evaluated our footprint including a representative LCA for one engine product. This effort indicated that approximately 88 percent of our water footprint is associated with supply chain, predominantly metals extraction and processing. In our 2020 plan, Cummins identifies raw materials efficiency as a priority area. A six sigma project identified 264 critical suppliers. The water risk using the Maplecroft tool has been analyzed for each of these suppliers. Select suppliers will be required to submit a risk mitigation plan as a results of their scores. In addition to the six sigma project and the supplier engagement, CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft. This new tool will help assign a risk factor for each site that can be used when evaluating investment opportunities. It will also help in the evaluation of a supplier and new facility locations.</td>
</tr>
<tr>
<td>Current status of ecosystems and habitats at a local level</td>
<td>Not evaluated</td>
<td>Cummins has implemented a process for assessing watershed conditions, but has not yet evaluated the inclusion of broader ecosystem and habitat considerations which may be considered in future enhancements.</td>
</tr>
<tr>
<td>Current river basin management plans</td>
<td>Not evaluated</td>
<td>Cummins has implemented a process for assessing watershed conditions, but has not yet evaluated the inclusion of broader ecosystem and habitat considerations which may be considered in future enhancements.</td>
</tr>
<tr>
<td>Current access to fully-functioning WASH services for all employees</td>
<td>Not evaluated</td>
<td>Not evaluated within our program at this time, this may be considered in the future</td>
</tr>
<tr>
<td>Estimates of future changes in water availability at a local level</td>
<td>Relevant, included</td>
<td>Cummins water risk process incorporates this into the site-specific water risk self-assessment survey, inclusion of leading water stress indicators (current and future), watershed assessments, and consultant expertise. All of these are items included in the C&amp;E risk matrix tool. In addition to the six sigma project and the supplier engagement, CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft. This new tool will help assign a risk factor for each site that can be used when evaluating investment opportunities.</td>
</tr>
<tr>
<td>Estimates of future potential regulatory</td>
<td>Relevant</td>
<td>Cummins water risk process incorporates this into the site-specific water risk self-assessment survey, inclusion of leading water stress indicators (current and future), watershed assessments, and consultant expertise. All of these are items included in the C&amp;E risk matrix tool. In addition to the six sigma project and the supplier engagement, CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft. This new tool will help assign a risk factor for each site that can be used when evaluating investment opportunities.</td>
</tr>
<tr>
<td>Issues</td>
<td>Choose option</td>
<td>Please explain</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>---------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>changes at a local level</td>
<td>included</td>
<td>watershed assessments, and consultant expertise. All of these are items included in the C&amp;E risk matrix tool.</td>
</tr>
<tr>
<td>Estimates of future potential stakeholder conflicts at a local level</td>
<td>Relevant, included</td>
<td>Source assessments cover both current and future conditions. Additionally, our &quot;Water Neutrality&quot; goal is specifically aimed to promote engagement and reduce the risk associated with future stakeholder conflicts, including a Stakeholder Mapping and Engagement step. All of these are items included in the C&amp;E risk matrix tool.</td>
</tr>
<tr>
<td>Estimates of future implications of water on your key commodities/raw</td>
<td>Relevant, included</td>
<td>In preparing our 2020 sustainability plan, Cummins evaluated our footprint including a representative LCA for one engine product. This effort indicated that approximately 88 percent of our water footprint is associated with supply chain, predominantly metals extraction and processing. In our 2020 plan, Cummins identifies raw materials efficiency as a priority area. A six sigma project identified 264 critical suppliers. The water risk using the Maplecroft tool has been analyzed for each of these suppliers. Select suppliers will be required to submit a risk mitigation plan as a results of their scores.</td>
</tr>
<tr>
<td>materials</td>
<td>Not evaluated</td>
<td>Cummins has implemented a process for assessing watershed conditions, but has not yet evaluated the inclusion of broader ecosystem and habitat considerations which may be considered in future enhancements.</td>
</tr>
<tr>
<td>Estimates of future potential changes in the status of ecosystems and</td>
<td>Relevant, included</td>
<td>Based upon our data analysis and risk evaluation, we estimate that water supply availability will continue to decline, particularly in existing water scarce areas within emerging markets. To manage these conditions, we have developed a tool defines requirements and considerations that reduce both water consumption and dependency on water in areas characterized as high risk. We are working to embed this tool throughout our processes that govern new facilities and management of change processes. All of these are items included in the C&amp;E risk matrix tool. In addition to the six sigma project and the supplier engagement, CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft. This new tool will help assign a risk factor for each site that can be used when evaluating investment opportunities. It will also help in the evaluation of a supplier and new facility locations.</td>
</tr>
<tr>
<td>habitats at a local level</td>
<td>Relevant, included</td>
<td>In response to decreasing water availability, we expect regulations governing water use and allocation to strengthen. Our risk process evaluates current conditions, 2017 conditions, and expected risk trends beyond 2017 including regulatory and water pricing risks. All of these are items included in the C&amp;E risk matrix tool.</td>
</tr>
<tr>
<td>Scenario analysis of availability of sufficient quantity and quality</td>
<td>Relevant, included</td>
<td>In response to decreasing water availability, we expect the potential for stakeholder conflict to rise. Our actions described above coupled with our &quot;Water Neutrality&quot; goal promote actions that work to address this issue.</td>
</tr>
<tr>
<td>of water relevant for your operations at a local level</td>
<td>Relevant, included</td>
<td>We expect that suppliers will face similar constraints to those we project. However, at the current maturity level of our program, we have not yet evaluated the range of specific implications and actions associated with this facet. A six sigma project identified 264 critical suppliers. The water risk using the Maplecroft tool has been analyzed for each of these suppliers. Select suppliers will be required to</td>
</tr>
</tbody>
</table>
submit a risk mitigation plan as a results of their scores. In addition to the six sigma project and the supplier engagement, CMI has developed a risk scoring tool that utilizes risk and quality data available from Maplecroft. This new tool will help assign a risk factor for each site that can be used when evaluating investment opportunities. It will also help in the evaluation of a supplier and new facility locations.

Scenario analysis of potential changes in the status of ecosystems and habitats at a local level

Not evaluated

Cummins has implemented a process for assessing watershed conditions, but has not yet evaluated the inclusion of broader ecosystem and habitat considerations which may be considered in future enhancements.

Other

Not evaluated

We believe our water risk and management program is comprehensive based upon all topics previously covered within this section, but remain open to enhancements based upon the changing dynamics of water conditions and associated business risks and opportunities.

### W2.7

Which of the following stakeholders are always factored into your organization's water risk assessments?

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

W2.8

Please choose the option that best explains why your organisation does not undertake a water-related risk assessment.
W3.1

Is your organization exposed to water risks, either current and/or future, that could generate a substantive change in your business, operations, revenue or expenditure?

Yes, direct operations and supply chain.

W3.2

Please provide details as to how your organization defines substantive change in your business, operations, revenue or expenditure from water risk.

Cummins uses a multi-pronged approach to evaluate risks and opportunities and determining if they are substantive to our business. Cummins Business Continuity Planning function prioritizes and addresses key risks of which water related issues are one component. Cummins developed a cause and effect (C&E) matrix to prioritize sites combining multiple factors including: 1) site’s self-assessment of water risk from a survey on source water sustainability, quality, discharge, regulatory, and cost considerations addressing both current and future conditions, 2) site size and complexity, 3) the presence or absence of water supply assessments, 4) and watershed-specific water stress indicators. For water stress indicators, Cummins worked with an external consultant to develop a composite picture of current and future water stress by combining data from WRI Aqueduct Tool, WBCSD Global Water Tool, and consultant expertise in the countries/regions where we operate. Portions of this data extend to a 2025 planning horizon. Scoring and weighting factors were applied to each of the 4 components of the C&E matrix and an ‘at risk’ threshold was defined as any sites scoring 150 or above in total composite score.

Based on this, Cummins conducted detailed watershed assessments at each of the 3 locations scoring above the 150 ‘at risk’ threshold, recently we added two more sites. BFCEC due to its growth that raised the risk scoring and CBL due to specific water issues arising in the area. In addition to the watershed assessments...
over 24 site level audits have been conducted to further validate conditions at prioritized sites. These audits and assessments identified specific areas for water management improvements including conservation, risk management, and community/watershed engagement opportunities.

Facility data and conditions are reviewed annually and may alter the priority sites from year to year. In addition to the six sigma project, CMI has developed a risk scoring tool that utilizes real time risk and quality data available from Maplecroft. This new tool can be used at any time and will assign a risk factor for each site that can be used when evaluating investment opportunities. It will also help in the evaluation of a supplier and new facility locations.

W3.2a

Please provide the number of facilities* per river basin exposed to water risks that could generate a substantive change in your business, operations, revenue or expenditure; and the proportion of company-wide facilities this represents

<table>
<thead>
<tr>
<th>Country</th>
<th>River basin</th>
<th>Number of facilities exposed to water risk</th>
<th>Proportion of company-wide facilities that this represents (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>Other: Hai Ho</td>
<td>1</td>
<td>1-5</td>
<td>Cummins conducted detailed watershed assessments to facilities scoring above the 150 ‘at risk’ threshold, BFCEC, the site in China, was added to at risk sites list due to its facility expansion that raised the risk scoring coupled with the future water scarcity conditions in the region. Also included are the other Cummins Beijing locations for Emissions solutions, logistics and distribution. This represents about 5 percent of company's cost of goods sold and 3.3 percent of water withdrawn</td>
</tr>
<tr>
<td>India</td>
<td>Krishna</td>
<td>2</td>
<td>6-10</td>
<td>The two locations comprises of Megasite in Phaltan and manufacturing and tech center operations in Kothrud, Pune, both located in water scarce areas. These represent the biggest operations in India. Combined they contribute to about 4 percent of company's cost of goods sold but uses 7.7 percent of water withdrawn.</td>
</tr>
<tr>
<td>Mexico</td>
<td>Panuco</td>
<td>1</td>
<td>1-5</td>
<td>San Luis Potosi has the biggest operations for Cummins in Mexico and located in the high water stress region. About 2.7 percent of company's total water withdrawn is in this region that represents about 4 percent of the cost of goods sold</td>
</tr>
<tr>
<td>Brazil</td>
<td>Paraiba Do Sul</td>
<td>1</td>
<td>1-5</td>
<td>Cummins conducted detailed watershed assessments to facilities scoring above the 150 ‘at risk’ threshold, Cummins Brasil Ltda, the site in Brazil, was added to the risk list due to specific water issues arising in the area. These facilities use about 1.3 percent of company's total water withdrawn, the site in the watershed represents about 2 percent of cost of goods sold</td>
</tr>
</tbody>
</table>
For each river basin mentioned in W3.2a, please provide the proportion of the company's total financial value that could be affected by water risks

<table>
<thead>
<tr>
<th>Country</th>
<th>River basin</th>
<th>Financial reporting metric</th>
<th>Proportion of chosen metric that could be affected</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>Other: Hai Ho</td>
<td>% cost of goods sold</td>
<td>1-5</td>
<td>Cummins conducted detailed watershed assessments to facilities scoring above the 150 ‘at risk’ threshold. BFCEC, the site in China, was added to at risk sites list due to its facility expansion that raised the risk scoring coupled with the future water scarcity conditions in the region. Also included are the other Cummins Beijing locations for Emissions solutions, logistics and distribution. This represents about 5 percent of company's cost of goods sold which increased by 37 percent in 2016 as compared to 2015.</td>
</tr>
<tr>
<td>India</td>
<td>Krishna</td>
<td>% cost of goods sold</td>
<td>1-5</td>
<td>The two locations comprises of Megasite in Phaltan and manufacturing and tech center operations in Kothrud, Pune, both located in water scarce areas. These represent the biggest operations in India. Combined they contribute to about 4 percent of company's cost of goods sold but uses 7.7 percent of water withdrawn.</td>
</tr>
<tr>
<td>Mexico</td>
<td>Panuco</td>
<td>% cost of goods sold</td>
<td>1-5</td>
<td>San Luis Potosi has the biggest operations for Cummins in Mexico and located in the high water stress region. About 2.7 percent of company's total water withdrawn is in this region that represents about 4 percent of the cost of goods sold.</td>
</tr>
<tr>
<td>Brazil</td>
<td>Paraiba Do Sul</td>
<td>% cost of goods sold</td>
<td>1-5</td>
<td>Cummins conducted detailed watershed assessments to facilities scoring above the 150 ‘at risk’ threshold. Cummins Brasil Ltda, the site in Brazil, was added to the risk list due to specific water issues arising in the area. These facilities use about 1.3 percent of company's total water withdrawn, the site in the watershed represents about 2 percent of cost of goods sold.</td>
</tr>
</tbody>
</table>

W3.2c

Please list the inherent water risks that could generate a substantive change in your business, operations, revenue or expenditure, the potential impact to your direct operations and the strategies to mitigate them.
<table>
<thead>
<tr>
<th>Country</th>
<th>River basin</th>
<th>Risk driver</th>
<th>Potential impact</th>
<th>Description of potential impact</th>
<th>Timeframe</th>
<th>Likelihood</th>
<th>Magnitude of potential financial impact</th>
<th>Response strategy</th>
<th>Costs of response strategy</th>
<th>Details of strategy and costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>Other: Hai Ho</td>
<td>Physical-Projected water scarcity</td>
<td>Higher operating costs</td>
<td>Potential for inadequate or unreliable water supplies in the long-term horizons, which could lead to operational disruptions, increased water pricing, investment in contingency plans, and increased capital expenditures to manage growth within water use allocation limits.</td>
<td>&gt;6 years</td>
<td>Unlikely</td>
<td>Low</td>
<td>Engagement with community Strengthen links with local community Other: Performance standards and capital investment strategy</td>
<td>Low</td>
<td>This site was recently elevated to high risk based upon facility expansion coupled with future water scarcity conditions in the region. A watershed assessment is planned in order to better understand and evaluate water sourcing risks, alternatives, and overall watershed conditions. Cummins encourages community engagement projects each year focusing on employee volunteer hours and sustainable projects that will be owned by the community upon completion. CMI has a grant process to fund</td>
</tr>
<tr>
<td>Country</td>
<td>River basin</td>
<td>Risk driver</td>
<td>Potential impact</td>
<td>Description of potential impact</td>
<td>Timeframe</td>
<td>Likelihood</td>
<td>Magnitude of potential financial impact</td>
<td>Response strategy</td>
<td>Costs of response strategy</td>
<td>Details of strategy and costs</td>
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<tr>
<td>India</td>
<td>Krishna</td>
<td>Physical-Seasonal supply variability/Interannual variability</td>
<td>Higher operating costs</td>
<td>Potential for inadequate or unreliable water supplies in the short- and long-term horizons, which could lead to operational disruptions, increased water pricing, investment in contingency plans, and increased capital expenditures to manage growth within water use allocation limits.</td>
<td>Current-up to 1 year</td>
<td>Highly probable</td>
<td>Low</td>
<td>Engagement with community Strengthen links with local community Other: Performance standards and capital investment strategy</td>
<td>Low</td>
<td>A watershed assessment was conducted to better understand water sourcing risks, alternatives, and overall watershed conditions. Responses include continued water conservation measures in existing operations, increase in water storage capacity, and deployment of low/no water use processes such as air cooled chiller systems where warranted based upon facility water</td>
</tr>
<tr>
<td>Country</td>
<td>River basin</td>
<td>Risk driver</td>
<td>Potential impact</td>
<td>Description of potential impact</td>
<td>Timeframe</td>
<td>Likelihood</td>
<td>Magnitude of potential financial impact</td>
<td>Response strategy</td>
<td>Costs of response strategy</td>
<td>Details of strategy and costs</td>
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</tr>
</tbody>
</table>

dependency. These systems typically require increased capital expenditure and increased operating costs related to higher energy use, but off-set the potential risks associated with interruption of operations. However, Cummins is also using technologies such as regenerative dynos to manage the costs associated with the energy impact. Also, developed goals that include community alignment. Cummins encourages community engagement projects each year focusing on employee
<table>
<thead>
<tr>
<th>Country</th>
<th>River basin</th>
<th>Risk driver</th>
<th>Potential impact</th>
<th>Description of potential impact</th>
<th>Timeframe</th>
<th>Likelihood</th>
<th>Magnitude of potential financial impact</th>
<th>Response strategy</th>
<th>Costs of response strategy</th>
<th>Details of strategy and costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>Panuco</td>
<td>Physical-Projected water scarcity</td>
<td>Higher operating costs</td>
<td>Potential for inadequate or unreliable water supplies in the short- and long-term horizons, which could lead to operational disruptions, increased water pricing, investment in contingency plans, and increased capital expenditures to manage growth within water use allocation limits.</td>
<td>4-6 years</td>
<td>Unlikely</td>
<td>Low</td>
<td>Engagement with community Strengthen links with local community Other: Performance standards and capital investment strategy</td>
<td>Low</td>
<td>volunteer hours and sustainable projects that will be owned by the community upon completion. CMI has a grant process to fund these projects and allows sites to fund smaller ones within their budget. Historical data shows these are relatively low cost. A watershed assessment was conducted to better understand water sourcing risks, alternatives, and overall watershed conditions. A response plan was developed and is in the process of being implemented including further due diligence on mitigation measures,</td>
</tr>
<tr>
<td>Country</td>
<td>River basin</td>
<td>Risk driver</td>
<td>Potential impact</td>
<td>Description of potential impact</td>
<td>Timeframe</td>
<td>Likelihood</td>
<td>Magnitude of potential financial impact</td>
<td>Response strategy</td>
<td>Costs of response strategy</td>
<td>Details of strategy and costs</td>
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</tr>
<tr>
<td>Brazil</td>
<td>Paraiba</td>
<td>Physical-</td>
<td>Higher</td>
<td>Potential for</td>
<td>1-3 years</td>
<td>Probable</td>
<td>Low</td>
<td>Engagement</td>
<td>Low</td>
<td>This site was evaluating of water sourcing options, and continued water conservation measures. Also, developed goals that include community alignment. Cummins encourages community engagement projects each year focusing on employee volunteer hours and sustainable projects that will be owned by the community upon completion. CMI has a grant process to fund these projects and allows sites to fund smaller ones within their budget. Historical data shows these are relatively low cost.</td>
</tr>
<tr>
<td>Country</td>
<td>River basin</td>
<td>Risk driver</td>
<td>Potential impact</td>
<td>Description of potential impact</td>
<td>Timeframe</td>
<td>Likelihood</td>
<td>Magnitude of potential financial impact</td>
<td>Response strategy</td>
<td>Costs of response strategy</td>
<td>Details of strategy and costs</td>
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<tr>
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<td>-----------------------------</td>
</tr>
<tr>
<td>Do Sul</td>
<td>Seasonal supply variability/Interannual variability</td>
<td>operating costs</td>
<td>inadequate or unreliable water supplies in the short- and long-term horizons, which could lead to operational disruptions, increased water pricing, investment in contingency plans, and increased capital expenditures to manage growth within water use allocation limits.</td>
<td></td>
<td></td>
<td>with community Strengthen links with local community Other: Performance standards and capital investment strategy</td>
<td></td>
<td></td>
<td>recently elevated to high risk based upon facility expansion and recent drought conditions within Brazil. A watershed assessment was conducted to better understand and evaluate water sourcing risks, alternatives, and overall watershed conditions. In addition to continued water conservation measures and technologies, additional response measures may include deployment of additional water storage and low/no water use processes such as air cooled chiller systems where warranted, and upgrades to</td>
<td></td>
</tr>
</tbody>
</table>
Please list the inherent water risks that could generate a substantive change in your business operations, revenue or expenditure, the potential impact to your supply chain and the strategies to mitigate them.
W3.2e

Please choose the option that best explains why you do not consider your organization to be exposed to water risks in your direct operations that could generate a substantive change in your business, operations, revenue or expenditure

Primary reason

Please explain

W3.2f

Please choose the option that best explains why you do not consider your organization to be exposed to water risks in your supply chain that could generate a substantive change in your business, operations, revenue or expenditure

Primary reason

Please explain

W3.2g
Please choose the option that best explains why you do not know if your organization is exposed to water risks that could generate a substantive change in your business operations, revenue or expenditure and discuss any future plans you have to assess this

<table>
<thead>
<tr>
<th>Primary reason</th>
<th>Future plans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Further Information

**Page: W4. Water Opportunities**

**W4.1**

**Does water present strategic, operational or market opportunities that substantively benefit/have the potential to benefit your organization?**

Yes

**W4.1a**

**Please describe the opportunities water presents to your organization and your strategies to realize them**

<table>
<thead>
<tr>
<th>Country or region</th>
<th>Opportunity</th>
<th>Strategy to realize opportunity</th>
<th>Estimated timeframe</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-wide</td>
<td>Increased brand value</td>
<td>Continue to align CR efforts with water, particularly in water stressed regions. &quot;Water Neutrality&quot; goal establishes a metric that drives organizational behavior toward this objective. CMI has formally</td>
<td>&gt;6 years</td>
<td>Opportunities to partner with communities exist today. We have examples of projects already completed including check dams, water treatment equipment for schools, education initiatives and more that are already underway. Continued</td>
</tr>
<tr>
<td>Country or region</td>
<td>Opportunity</td>
<td>Strategy to realize opportunity</td>
<td>Estimated timeframe</td>
<td>Comment</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>announced a new 2020 water conservation goal to reduce the water intensity by 50% based on 2010.</td>
<td></td>
<td>efforts in conservation and community projects will strengthen brand value. This will be an ongoing program with current targets set for 2020.</td>
</tr>
<tr>
<td>Company-wide</td>
<td>Improved water efficiency</td>
<td>In 2016 CMI Established a new water conservation goal of 50% labor normalized reduction to a 2010 baseline. As of year end 2016 a 42% reduction has been achieved.</td>
<td>&gt;6 years</td>
<td>Opportunities exist to continue to improve water use efficiency and reduce water dependence. Increasing this goal based on performance will maintain focus and promote specific action in this space. This will be an ongoing program with current targets set for 2020.</td>
</tr>
<tr>
<td>Company-wide</td>
<td>Cost savings</td>
<td>In 2016 CMI Established a new water conservation goal of 50% labor normalized reduction to a 2010 baseline. As of year end 2016 a 42% reduction has been achieved.</td>
<td>&gt;6 years</td>
<td>We expect to realize cost savings associated with our water efficiency improvements. Note that cost savings include water, sewer, energy, chemical and other related costs.</td>
</tr>
<tr>
<td>Company-wide</td>
<td>Staff retention</td>
<td>Establish water conservation and water neutrality goals. Promote employee engagement in community activities.</td>
<td>&gt;6 years</td>
<td>Our employees have consistently ranked the environment as one of their top priorities. These goals are part of a variety of activities that combine work in our operations and work in our communities to improve the environment. CMI pays employees for 4 hours of community service, which may include water related community projects.</td>
</tr>
</tbody>
</table>

**W4.1b**

Please choose the option that best explains why water does not present your organization with any opportunities that have the potential to provide substantive benefit.

<table>
<thead>
<tr>
<th>Primary reason</th>
<th>Please explain</th>
</tr>
</thead>
</table>

**W4.1c**
Please choose the option that best explains why you do not know if water presents your organization with any opportunities that have the potential to provide substantive benefit

<table>
<thead>
<tr>
<th>Primary reason</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Further Information

**Module: Accounting**

**Page: W5. Facility Level Water Accounting (I)**

**W5.1**

*Water withdrawals: for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a*

<table>
<thead>
<tr>
<th>Facility reference number</th>
<th>Country</th>
<th>River basin</th>
<th>Facility name</th>
<th>Total water withdrawals (megaliters/year) at this facility</th>
<th>How does the total water withdrawals at this facility compare to the last reporting year?</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility 1</td>
<td>China</td>
<td>Other: Hai Ho</td>
<td>Beijing All</td>
<td>116.29</td>
<td>Much lower</td>
<td></td>
</tr>
<tr>
<td>Facility 2</td>
<td>India</td>
<td>Krishna</td>
<td>Phaltan Megasite All</td>
<td>118.01</td>
<td>About the same</td>
<td></td>
</tr>
<tr>
<td>Facility 3</td>
<td>India</td>
<td>Krishna</td>
<td>Kothrud Campus</td>
<td>153.58</td>
<td>Much lower</td>
<td></td>
</tr>
<tr>
<td>Facility 4</td>
<td>Mexico</td>
<td>Panuco</td>
<td>Sal Luis Potosi All</td>
<td>94.22</td>
<td>Lower</td>
<td></td>
</tr>
<tr>
<td>Facility 5</td>
<td>Brazil</td>
<td>Paraiba Do Sul</td>
<td>Guarulhos All</td>
<td>46.69</td>
<td>Much lower</td>
<td></td>
</tr>
</tbody>
</table>
W5.1a

Water withdrawals: for the reporting year, please provide withdrawal data, in megaliters per year, for the water sources used for all facilities reported in W5.1

<table>
<thead>
<tr>
<th>Facility reference number</th>
<th>Fresh surface water</th>
<th>Brackish surface water/seawater</th>
<th>Rainwater</th>
<th>Groundwater (renewable)</th>
<th>Groundwater (non-renewable)</th>
<th>Produced/process water</th>
<th>Municipal water</th>
<th>Wastewater from another organization</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility 1</td>
<td>0</td>
<td>0</td>
<td>1.60</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>114.69</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Facility 2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>118.01</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Facility 3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>111.39</td>
<td>0</td>
<td>0</td>
<td>42.19</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Facility 4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>68.33</td>
<td>0</td>
<td>0</td>
<td>25.89</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Facility 5</td>
<td>0</td>
<td>0</td>
<td>2.38</td>
<td>2.84</td>
<td>0</td>
<td>0</td>
<td>41.47</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

W5.2

Water discharge: for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a

<table>
<thead>
<tr>
<th>Facility reference number</th>
<th>Total water discharged (megaliters/year) at this facility</th>
<th>How does the total water discharged at this facility compare to the last reporting year?</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility 1</td>
<td>80.21</td>
<td>Higher</td>
<td>Increased by 11 percent compared to 2015</td>
</tr>
<tr>
<td>Facility 2</td>
<td>54.47</td>
<td>About the same</td>
<td>No change compared to 2015</td>
</tr>
<tr>
<td>Facility reference number</td>
<td>Total water discharged (megaliters/year) at this facility</td>
<td>How does the total water discharged at this facility compare to the last reporting year?</td>
<td>Please explain</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Facility 3</td>
<td>43.36</td>
<td>Lower</td>
<td>Decreased by 14 percent compared to 2015</td>
</tr>
<tr>
<td>Facility 4</td>
<td>63.45</td>
<td>Lower</td>
<td>Decreased by 12 percent compared to 2015</td>
</tr>
<tr>
<td>Facility 5</td>
<td>29.44</td>
<td>Much lower</td>
<td>Decreased by 24 percent compared to 2015</td>
</tr>
</tbody>
</table>

**W5.2a**

Water discharge: for the reporting year, please provide water discharge data, in megaliters per year, by destination for all facilities reported in W5.2

<table>
<thead>
<tr>
<th>Facility reference number</th>
<th>Fresh surface water</th>
<th>Municipal/industrial wastewater treatment plant</th>
<th>Seawater</th>
<th>Groundwater</th>
<th>Wastewater for another organization</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility 1</td>
<td>0</td>
<td>8.87</td>
<td>0</td>
<td>71.34</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Facility 2</td>
<td>2.06</td>
<td>7.21</td>
<td>0</td>
<td>45.20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Facility 3</td>
<td>4.54</td>
<td>0</td>
<td>0</td>
<td>38.82</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Facility 4</td>
<td>1.98</td>
<td>21.82</td>
<td>0</td>
<td>31.94</td>
<td>7.71</td>
<td>0</td>
</tr>
<tr>
<td>Facility 5</td>
<td>22.80</td>
<td>5.39</td>
<td>0</td>
<td>1.10</td>
<td>0.16</td>
<td>0</td>
</tr>
</tbody>
</table>

**W5.3**

Water consumption: for the reporting year, please provide water consumption data for all facilities reported in W3.2a
## Facility reference number  | Consumption (megaliters/year) | How does this compare to the last reporting year? | Please explain
--- | --- | --- | ---
Facility 1 | 34.77 | Much lower | Decreased by 16 percent
Facility 2 | 38.92 | Lower | Decreased by 6 percent
Facility 3 | 81.67 | Much lower | Decreased by 44 percent
Facility 4 | 18.36 | About the same | Decreased by 4 percent
Facility 5 | 15.75 | Much lower | Decreased by 21 percent

### W5.4

For all facilities reported in W3.2a what proportion of their water accounting data has been externally verified?

<table>
<thead>
<tr>
<th>Water aspect</th>
<th>% verification</th>
<th>What standard and methodology was used?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water withdrawals- total volumes</td>
<td>76-100</td>
<td>Limited Assurance from external certification agency (Bureau Veritas)</td>
</tr>
<tr>
<td>Water withdrawals- volume by sources</td>
<td>76-100</td>
<td>Limited Assurance from external certification agency (Bureau Veritas)</td>
</tr>
<tr>
<td>Water discharges- total volumes</td>
<td>Not verified</td>
<td>The total water discharge data and discharge by destination data were not covered during the third party verification. However, BV identified that Cummins measures, monitors and reports the most comprehensive water KPIs from each facility that helps to drive the company's water strategy</td>
</tr>
<tr>
<td>Water discharges- volume by destination</td>
<td>Not verified</td>
<td>The total water discharge data and discharge by destination data were not covered during the third party verification. However, BV identified that Cummins measures, monitors and reports the most comprehensive water KPIs from each facility that helps to drive the company's water strategy</td>
</tr>
<tr>
<td>Water discharges- volume by treatment method</td>
<td>Not verified</td>
<td>This is not verified as Cummins does not roll-up treatment process data at the corporate level</td>
</tr>
<tr>
<td>Water discharge quality data- quality by standard effluent parameters</td>
<td>Not verified</td>
<td>This is not verified as Cummins does not roll-up treatment process data at the corporate level</td>
</tr>
<tr>
<td>Water consumption- total</td>
<td>Not verified</td>
<td>The water consumption data was not covered during the third party verification. However, BV identified that</td>
</tr>
<tr>
<td>Water aspect</td>
<td>% verification</td>
<td>What standard and methodology was used?</td>
</tr>
<tr>
<td>-------------</td>
<td>----------------</td>
<td>---------------------------------------</td>
</tr>
<tr>
<td>volume</td>
<td></td>
<td>Cummins measures, monitors and reports the most comprehensive water KPIs from each facility that helps to drive the company's water strategy</td>
</tr>
</tbody>
</table>

Further Information

Attachments


Module: Response


W6.1

Who has the highest level of direct responsibility for water within your organization and how frequently are they briefed?

<table>
<thead>
<tr>
<th>Highest level of direct responsibility for water issues</th>
<th>Frequency of briefings on water issues</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of individuals/Sub-set of the Board or other committee appointed by the Board</td>
<td>Scheduled-annual</td>
<td>The Safety, Environment and Technology Committee of Cummins Board of Directors has overall responsibility. The Committee advises senior leaders of Cummins on environmental and technological strategies, among other items. The Chairman of the Board/CEO and leadership team of the company have taken direct ownership of the 2020 Sustainability plan of which water conservation goals, water neutrality goals and supplier risk management are all included. A briefing is scheduled every 6 months.</td>
</tr>
</tbody>
</table>
Is water management integrated into your business strategy?

Yes

Please choose the option(s) below that best explains how water has positively influenced your business strategy

<table>
<thead>
<tr>
<th>Influence of water on business strategy</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of sustainability goals</td>
<td>The organization established a 2020 sustainability plan including water goals. While not the sole driver, importance of environmental priority topics including water was an influence.</td>
</tr>
<tr>
<td>Water resource considerations are factored into location planning for new operations</td>
<td>Risk dependent water considerations are being factored in new operations design processes. Cummins is working to further embed these factors in all business processes that affect new and changes operations. In 2016 CMI developed a real time risk tool that uses water risk and quality data from Maplecroft. This tool will assign a risk factor for sites, suppliers or new facility locations.</td>
</tr>
<tr>
<td>Water resource considerations are factored into new product development</td>
<td>As part of the 2020 sustainability plan, Cummins established a design for environment function. This function is working to embed more comprehensive environmental considerations (including water) into design processes. Our advanced manufacturing group is considering opportunities to reduce water use and dependency in manufacturing.</td>
</tr>
<tr>
<td>Publicly demonstrated our commitment to water</td>
<td>As part of the 2020 sustainability plan, Cummins released goals that demonstrate our public commitment to water. Cummins has committed to reducing water intensity by 50% and to achieving water neutrality at 15 sites. The water audit process deployed over the past three years has also served as a training opportunity. Significant investment has been made in deploying corporate water expertise to these sites as well as developing tool sets that further support development of water knowledge in the organization. CMI has implemented an Environmental Champion program globally, employees can be certified through this program as an environmental champion after attending a week long training course which includes water risk and conservation principles.</td>
</tr>
<tr>
<td>Investment in staff/training</td>
<td>Water KPIs (both leading and lagging indicators) have been established and are an integral part of the Cummins enterprise HSEMS.</td>
</tr>
<tr>
<td>Introduction of water management KPIs</td>
<td>As part of the 2020 sustainability plan, Cummins is including additional environmental sustainability considerations in its supplier selection process. A six sigma project identified 264 critical suppliers. The water risk using the Maplecroft tool has</td>
</tr>
</tbody>
</table>
Influence of water on business strategy | Please explain
--- | ---
been analyzed for each of these suppliers. Select suppliers will be required to submit a risk mitigation plan as a result of their scores. In 2016 CMI developed a real time risk tool that uses water risk and quality data from Maplecroft. This tool will assign a risk factor for sites, suppliers or new facility locations.

**W6.2b**

Please choose the option(s) below that best explains how water has negatively influenced your business strategy

<table>
<thead>
<tr>
<th>Influence of water on business strategy</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased capital expenditure</td>
<td>Incremental investment in certain facilities components (i.e. air cooled chillers, wastewater recycling systems) has occurred in water stressed regions. While an increased cost, these have not significantly influenced the business strategy or success in an adverse manner as compared to the benefits the company realizes for operating in these regions.</td>
</tr>
</tbody>
</table>

**W6.2c**

Please choose the option that best explains why your organization does not integrate water management into its business strategy and discuss any future plans to do so

<table>
<thead>
<tr>
<th>Primary reason</th>
<th>Please explain</th>
</tr>
</thead>
</table>
W6.3

Does your organization have a water policy that sets out clear goals and guidelines for action?

Yes

W6.3a

Please select the content that best describes your water policy (tick all that apply)

<table>
<thead>
<tr>
<th>Content</th>
<th>Please explain why this content is included</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-wide</td>
<td>Cummins has developed a draft procedure specific to water, and we have made a concerted effort to develop clear and comprehensive statements regarding our policies and positions on water issues. These are found in our annual Sustainability Report, public disclosure through CDP and other public forums and case studies in which we participate. Cummins created its comprehensive environmental policy in 2001, with an update in 2015, and purposely used broad and all-encompassing language so the policy did not need to be updated every year. There are more than 30 separately documented environmental procedures related to this environmental policy. Cummins Enterprise Environmental Management System (EMS) ensures a common approach to implementing the Company’s environmental standards at its sites worldwide. Through the EMS, the Company sets and cascades key environmental improvement objectives, monitors environmental performance and provides a framework for continual environmental improvement. In 2014, Cummins released its comprehensive environmental sustainability plan. As part of this plan, Cummins announced formal water goals. To complement Cummins corporate policy, each year business units develop specific targets and objectives that reflect cascaded corporate priorities as well as the issues that are most relevant to their operations. Water is specifically included in these objectives and targets. These actions in total represent the elements that comprise a robust water policy.</td>
</tr>
<tr>
<td>Performance standards for direct operations</td>
<td></td>
</tr>
<tr>
<td>Other: Incorporated within group environmental, sustainability or EHS policy</td>
<td></td>
</tr>
<tr>
<td>Water CAPEX (+/- % change)</td>
<td>Water OPEX (+/- % change)</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Further Information

**Page: W7. Compliance**

**W7.1**

Was your organization subject to any penalties, fines and/or enforcement orders for breaches of abstraction licenses, discharge consents or other water and wastewater related regulations in the reporting year?

Yes, not significant

**W7.1a**

Please describe the penalties, fines and/or enforcement orders for breaches of abstraction licenses, discharge consents or other water and wastewater related regulations and your plans for resolving them
<table>
<thead>
<tr>
<th>Facility name</th>
<th>Incident</th>
<th>Incident description</th>
<th>Frequency of occurrence in reporting year</th>
<th>Financial impact</th>
<th>Currency</th>
<th>Incident resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recon Memphis Plant (Self-monitoring)</td>
<td>Fine</td>
<td>Cr, Ni, TSS exceedances</td>
<td>4</td>
<td>5500</td>
<td>USD($)</td>
<td>Wastewater system review underway</td>
</tr>
</tbody>
</table>

**W7.1b**

What proportion of your total facilities/operations are associated with the incidents listed in W7.1a?

0%

**W7.1c**

Please indicate the total financial impacts of all incidents reported in W7.1a as a proportion of total operating expenditure (OPEX) for the reporting year. Please also provide a comparison of this proportion compared to the previous reporting year

<table>
<thead>
<tr>
<th>Impact as % of OPEX</th>
<th>Comparison to last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No change</td>
</tr>
</tbody>
</table>

Further Information

Page: W8. Targets and Initiatives
Do you have any company wide targets (quantitative) or goals (qualitative) related to water?

Yes, targets and goals

W8.1a

Please complete the following table with information on company wide quantitative targets (ongoing or reached completion during the reporting period) and an indication of progress made

<table>
<thead>
<tr>
<th>Category of target</th>
<th>Motivation</th>
<th>Description of target</th>
<th>Quantitative unit of measurement</th>
<th>Base-line year</th>
<th>Target year</th>
<th>Proportion of target achieved, % value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other: Reduction of water intensity</td>
<td>Water stewardship</td>
<td>In 2016 CMI established a new water conservation goal of 50% labor normalized reduction to a 2010 baseline. As of year end 2016 a 42 percent reduction has been achieved. Motivation listed as water stewardship although cost reduction and risk mitigation benefits also exist.</td>
<td>Other: % reduction per labor hour</td>
<td>2010</td>
<td>2020</td>
<td>84%</td>
</tr>
</tbody>
</table>

W8.1b

Please describe any company wide qualitative goals (ongoing or reached completion during the reporting period) and your progress in achieving these

<table>
<thead>
<tr>
<th>Goal</th>
<th>Motivation</th>
<th>Description of goal</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen links with local</td>
<td>Water stewardship</td>
<td>Achieve water neutrality at 15 sites (manufacturing, test, high intensity) by 2020 in priority water stressed countries - India, China, Mexico, South Africa, Brazil. Currently there are 7 sites have been validated as water neutral.</td>
<td>46 percent</td>
</tr>
<tr>
<td>Goal</td>
<td>Motivation</td>
<td>Description of goal</td>
<td></td>
</tr>
<tr>
<td>---------------</td>
<td>----------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>community</td>
<td>neutral. Drives work in the community to off-set our footprint and creates connectivity with our CR programs. Motivation listed as water stewardship although risk mitigation benefits also exist.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

W8.1c

Please explain why you do not have any water-related targets or goals and discuss any plans to develop these in the future.

Further Information

Module: Linkages/Tradeoff

Page: W9. Managing trade-offs between water and other environmental issues

W9.1

Has your organization identified any linkages or trade-offs between water and other environmental issues in its value chain?

Yes

W9.1a

Please describe the linkages or trade-offs and the related management policy or action.
Cummins has identified the link between water consumption and energy requirements. The link exists in electrical production as well as in consumption within the facilities for transport and distribution of water. In response CMI has used water risk as a consideration in decisions for capital allocation when choosing between an energy conservation project or a water conservation project. Cummins has integrated water into the "Energy Champion" program utilized by sites, and morphed the program into an "Environmental Champion" program.

Further Information

**Module: Sign Off**

**Page: Sign Off**

**W10.1**

Please provide the following information for the person that has signed off (approved) your CDP water response:

<table>
<thead>
<tr>
<th>Name</th>
<th>Job title</th>
<th>Corresponding job category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nichole B. Morris</td>
<td>Global Water Resource and Environmental Leader</td>
<td>Environment/Sustainability manager</td>
</tr>
</tbody>
</table>

**W10.2**

Please indicate that your organization agrees for CDP to transfer your publicly disclosed data regarding your response strategies to the CEO Water Mandate Water Action Hub.

Note: Only your responses to W1.4a (response to impacts) and W3.2c&d (response to risks) will be shared and then reviewed as a potential collective action project for inclusion on the WAH website.
By selecting Yes, you agree that CDP may also share the email address of your registered CDP user with the CEO Water Mandate. This will allow the Hub administrator to alert your company if its response data includes a project of potential interest to other parties using water resources in the geographies in which you operate. The Hub will publish the project with the associated contact details. Your company will be provided with a secure log-in allowing it to amend the project profile and contact details.

Yes

Further Information

CDP 2017 Water 2017 Information Request