



POWERING A MORE PROSPEROUS WORLD





A NOTE FROM THE CHAIRMAN

Rather than discuss the accomplishments detailed in this report for 2019, I want to address the eventful first six months of 2020.

The deadliest pandemic since 1918, immediately followed by the most sweeping protests in a half century, are forcing businesses to re-examine their role in society. Cummins has long believed that we serve each of our stakeholders best by serving all stakeholders. This simple idea has been the power behind our company's success for more than 100 years.

Of course, businesses must have the financial resources to make that happen, especially in difficult times. Cummins entered 2020 in a position of strength. As we do before each economic downturn, the company took actions in late 2019 to prepare for weaker

markets this year. While these actions were independent of the world-changing events that followed, they have helped us weather the new reality.

The company ended the first quarter of this year with \$2 billion in cash and marketable securities, and access to \$1.9 billion in committed credit facilities. In May, we bolstered our access to liquidity by entering into an agreement for an additional \$2 billion revolving credit facility.

These steps, along with our strong financial position, enabled the company to move quickly to protect the health, safety and job security of Cummins

employees, while still ensuring we supported the critical needs of our customers. We also maintained our investments in promising technologies, potentially critical to the company's future success.

With seven sites in Wuhan, China, Cummins was significantly impacted by the virus relatively early. By the time COVID-19 was declared a global pandemic, the company had established processes and procedures to protect our employees and communities while supporting customers, many carrying out essential functions during the pandemic.

Cummins products support the critical needs of our economy and society:

- » Our engines power the trucks delivering food, medicine and other basic needs;
- » We power the construction equipment building emergency medical facilities across the globe;
- » Cummins generators help keep critical facilities such as hospitals and data centers running around the clock; and
- » Our service branches keep all of this equipment working, day after day.

To support both our customers and communities, Cummins made keeping employees safe our top priority. The majority of our employees who can work from home have been doing so for more than three months. This allowed us to focus resources and investments on our engineering and production facilities. In those facilities, we have taken many steps to protect the health and safety of our people, including:

- » Mandatory health screenings at Cummins plants and facilities;
- » Personal protective equipment (PPE) for frontline employees;
- » Masks required inside open plants and facilities;

- » Redesigned exits, entrances and production lines to encourage social distancing;
- » Enhanced cleaning protocols before, during and after shifts; and
- » Expanded healthcare and leave programs to support employees and their families.

We also sought to make a difference in the communities where Cummins does business. The company partnered with 3M and DuPont to produce PPE for medical professionals. The Cummins Foundation made targeted grants to support children and families impacted by COVID-19. And the company documented the procedures we used to safely reopen and posted them publicly in a **playbook** to help other businesses and to promote a broad recovery.

None of this would have been possible without the hard work, dedication and innovative spirit of our employees, managers, leaders and our Board of Directors. I am deeply grateful for their continuing courage and commitment in this challenging environment.

Now we face another critical challenge. Like many, I have been horrified by the killings of Black people in the U.S. at the hands of authorities entrusted to protect

them. The increasing reports of blatant acts of racism and the empowerment of those with racist views are deeply troubling. Systemic racism is a scourge that weakens our nation and is a burden on all of us that we must remove with urgency and resolve.

One of Cummins' most important leaders, CEO J. Irwin Miller, actively inserted himself and our company into the civil rights movement in the 1960s. We will honor this legacy by being active again at this important moment. At the time of this writing, we are still developing the full scope of activities but at a minimum we will:

- » Ensure the inclusion of Black people and other people of color at all levels of the company;
- » Use our voice and influence to advocate for social justice;
- » Engage with the criminal justice system to promote change; and
- » Support organizations working in economic empowerment, education and health care in our communities to promote equity for Black people and people of color.

The pandemic and protests have revealed a fundamental truth about sustainability: companies and institutions are only as strong as the communities, countries and the world around them. To be successful for our shareholders over the long run, we must ensure the health and prosperity of all of our stakeholders.

While I'm proud of the accomplishments included in this report, there's much work to be done. You can count on Cummins to strive for a more prosperous and just world.



Tom Linebarger
Chairman and CEO
Cummins Inc.

THE STAKEHOLDER MODEL

Cummins has long practiced the stakeholder model of corporate governance, maintaining the best way to serve any individual stakeholder is by serving the interests of all stakeholders.

"We have a responsibility to use part of our resources to respond to the needs of the society which gives us our charter," longtime Cummins Chairman CEO J. Irwin Miller wrote in the company's Annual Report in 1972. "We can in the long run be a healthy company only in so far as we exist and serve within an economically and socially healthy society."

The model has been embraced by Cummins' leaders ever since.

CUMMINS AND COVID-19

Editor's Note: While this report focuses on Cummins' environmental, social and governance performance in 2019, the company feels compelled to briefly report on the unprecedented impact of COVID-19 in 2020.



By the time the World Health Organization declared COVID-19 a pandemic on March 11, Cummins was moving quickly to support customers while protecting employees and the communities where the company does business.

The company was well aware of the virus by then. In early 2020, production began slowing at Cummins' operations in China, including the company's seven plants in Wuhan, which went into lockdown on Jan. 23 to fight COVID-19. By March, conditions began stabilizing in China, but the virus started impacting India, Europe and North America.

On March 13, just two days after the pandemic was declared, Cummins offices around-the-world began closing, as employees were asked to work from home if possible. The majority of the company's manufacturing facilities would experience shutdowns of four to six weeks. All of Cummins' operations in China were back operational by the end of the first quarter, but additional actions were necessary to keep the company on solid financial footing.

The Cummins Sales and Service branch in Indianapolis, Indiana (U.S.) demonstrates safe behaviors to support customers doing essential work.

The Board of Directors moved quickly to reduce costs while ensuring the company supported critical, frontline workers. In early April, the board authorized temporary pay reductions for itself, the CEO and company Vice Presidents. The board reduced its pay by 25%, the CEO's salary by 50% and Vice Presidents' pay by 25%. Cummins also implemented temporary pay and work-hour reductions for exempt and office employees around the world while preserving pay for many frontline manufacturing, Distribution and critical research and development employees.

Cummins took other steps as well, establishing a risk assessment team to review the latest virus information and make decisions consistent with the company's values. The team, led by the President and Chief Operating Officer, continues meeting regularly on

operations, supply chain, health and safety and more. The Board of Directors also began holding additional "virtual" meetings, and by June 1 had met nine times in 2020 to carry out its oversight responsibilities.

Employees across Cummins did their part, too, supporting customers while upholding the company's tradition of community engagement. One employee, for example, created modeling to help his local hospital predict COVID-19 spikes; another helped a major childcare provider develop a contingency plan enabling it to safely remain open when a staff member contracted the virus.

There's no question COVID-19 tested Cummins, and the company showed its mettle in every possible way.

MAKING A DIFFERENCE IN A PANDEMIC



Here's a quick look at how the company has performed in the key areas of the environment, social issues and governance during the pandemic:

ENVIRONMENT

- » Maintained commitment to implement PLANET 2050 environmental strategy (see [page 20](#)), including internal planning roadmaps and functional engagements.
- » Continued investments in research and development of low-carbon technologies through cost savings in other areas.
- » Pursued final year of 2020 environmental goals (see [page 23](#)), with focus on low- and no-cost power down actions during plant shutdowns.
- » Reviewed site environmental permits to identify startup requirements related to monitoring, inspections, sampling, training, waste storage and administrative requirements.
- » Inspected waste water treatment systems prior to plant restarts and ensured readiness to effectively treat accumulated wastewater.
- » Activated pollution prevention measures related to storage and disposal of accumulated chemicals, fuels and oils during shutdowns.

SOCIAL

- » Established health screenings and temperature checks at open Cummins plants and facilities to keep frontline employees safe.
- » Mandated face masks inside open facilities and provided them without charge to employees.
- » Redesigned production lines, entrances and exits to allow and encourage social distancing.
- » Expanded healthcare and leave programs to support employees and their families.
- » Used the company's Cummins Response Center to provide around-the-clock assistance to employees with questions regarding COVID-19.
- » Issued \$2 million in emergency COVID-19 grants to communities around the world to support families and children.
- » Partnered with 3M to manufacture high-efficiency particulate filters for 3M's powered air-purifying respirators used by medical personnel.
- » Partnered with DuPont to supply NanoNet® media for use in N95 respirator masks for healthcare professionals.

GOVERNANCE

- » Increased Board of Directors meetings to provide oversight and guidance in risk management, planning for a strong recovery and protecting shareholder interests.
- » Established daily senior leadership meetings on managing the crisis, covering production, supply chain, health and safety and other issues.
- » Created a plan-ahead team to anticipate future COVID-19 developments and implement steps needed for a strong recovery.
- » Produced **Safe Work Playbook** documenting policies and procedures to safely close, open and operate facilities in a pandemic.
- » Made playbook publicly available to help other companies reopen and contribute to a strong recovery.
- » Suspended stock buybacks in second quarter to align with focus on liquidity and strength of the company.

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SUSTAINABILITY AT CUMMINS

At Cummins, the company's approach to sustainability aligns closely to its mission to make people's lives better by powering a more prosperous world.

A more prosperous world is a world with clean air and water, where businesses are partners in weaving a stronger social fabric, and where the benefits of economic growth are shared by as many people in as many communities as possible.

The company's Sustainability Progress Report is organized around three key areas in this pursuit: environmental reporting, social reporting and governance/economic reporting. Cummins strives to be consistent with the reporting structures established by the Dow Jones Sustainability Indices, the Global Reporting Initiative, and this year, for the first time, the company will be formally reporting to the platform established by the Sustainability Accounting Standards Board (SASB).

Cummins strives to achieve the environmental, social and governance disclosures suggested by these and other groups. The company also reports regularly on its sustainability efforts in [The Newsroom](#) on cummins.com.

This is the first of the company's reports on sustainability over the next 12 weeks. Others include:

2019 CUMMINS GRI DATA BOOK

The company is again producing a separate posting called Cummins' 2019 GRI Data Book. It follows the format of the Global Reporting Initiative (GRI) established by the United Nations to develop a consistent way for companies to report on their environmental, social and economic performance. It will be posted in the company's sustainability document repository by the end of July.

2019 CUMMINS SASB REPORT

Cummins for the first time will produce a report aligned specifically to the disclosures in the Sustainability Accounting Standards Board (SASB) reporting platform. SASB was established in 2011 to provide investors with industry-specific sustainability information about the companies they were considering investing in. This report will be posted in the company's sustainability document repository by the end of July.

2019 CDP

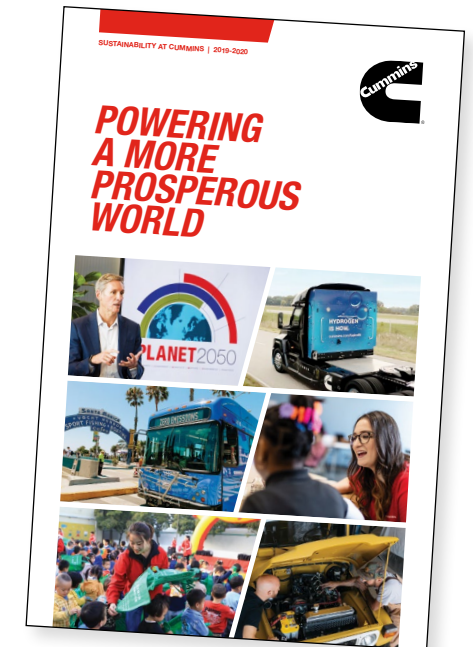
Cummins is committed to sharing its CDP (formerly the Carbon Disclosure Project) water and climate filings. The CDP was established to help build a truly sustainable economy by helping cities, companies and investors measure and understand their environmental impact. The 2019 filings will be posted in Cummins' sustainability document repository by the end of August 2020.

OUR DATA

Data in this report covers well over 75% of the company's operations. More than 80% of the Environmental and Social Data has been reviewed by Bureau Veritas, a world leader in certification. Its Independent Assurance Statement is included in the GRI Data Book. Financial data comes from the Annual Report on Form-10K, which is audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm.

2019-2020 SUSTAINABILITY OVERVIEW

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



2019-2020
Sustainability
Overview

ABOUT THE COVER

Our cover captures a busy year in sustainability in 2019. Here's a quick look at the story behind each photo:



PLANET 2050 Cummins Chairman and CEO Tom Linebarger introduced a new environmental strategy in 2019 to address challenges such as climate change. It includes specific goals timed to 2030 and aspirations for the company extending to 2050.



ELECTRIFIED POWER Transportation officials in Santa Monica, California (U.S.), introduced electrified power to their transportation system in 2019, a GILLIG battery electric bus powered by Cummins' new electrified power platform.



COMMUNITIES Cummins employees are building stronger communities around the world. Here, a joint venture employee in China hands out reusable bags to young students to promote environmentalism.



HYDROGEN Cummins made a major investment in low-carbon hydrogen technology in 2019, acquiring hydrogen production technologies provider Hydrogenics Corporation. The company renamed its Electrified Power segment New Power to reflect its broader mission.



GENDER EQUITY A Cummins employee mentors a student as part of the Cummins Powers Women initiative to promote gender equality.



CLEAN CRUISING The Clean Cruisers demonstrated in 2019 that adventuring can be done in a low-carbon way. They used Cummins' diesel crate engines in their vehicles, running on biodiesel, and planted trees across Central America.

MATERIALITY

It's hard to imagine a more eventful first six months of 2020.

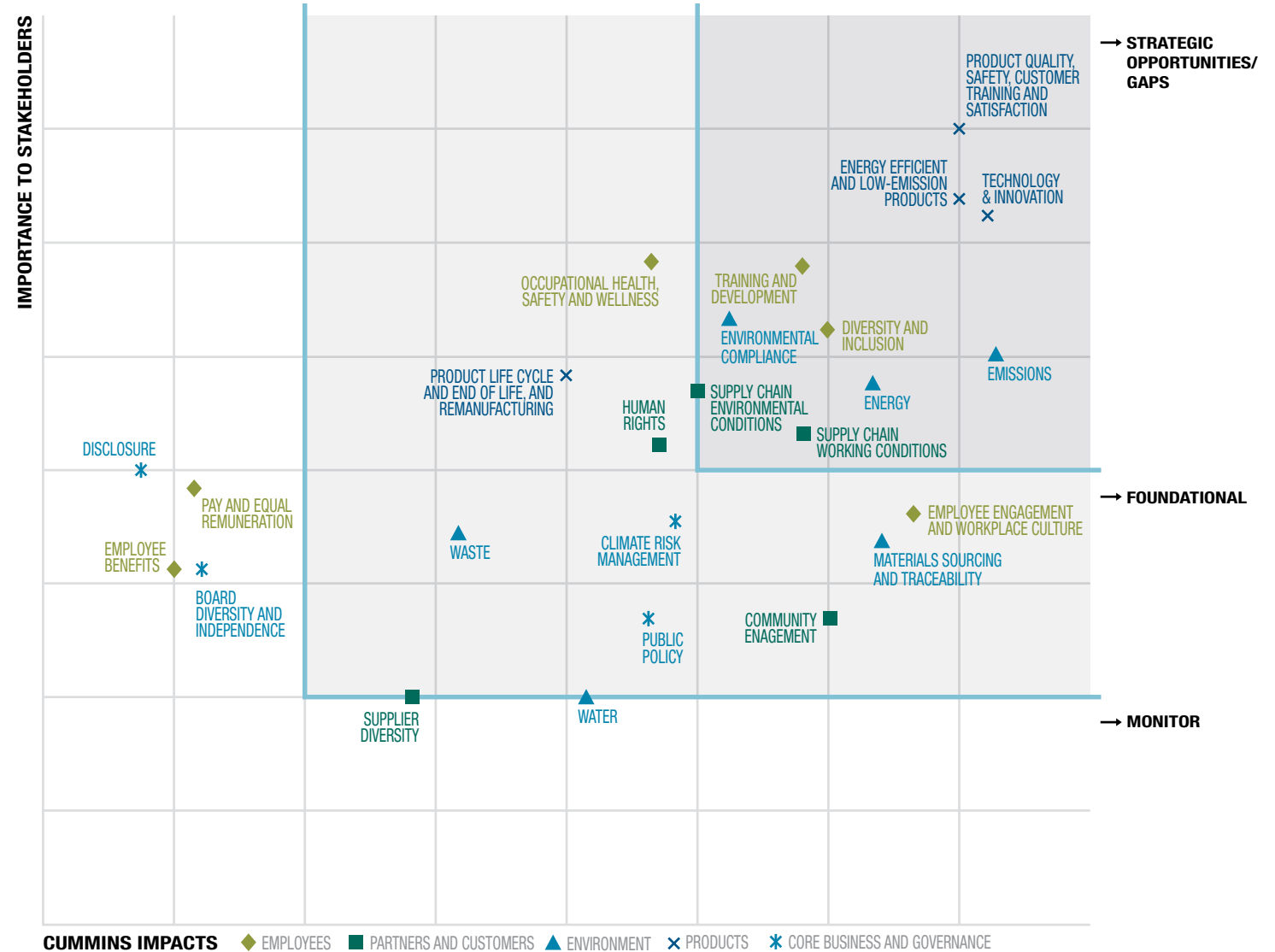
As a result, discussions have begun at Cummins on ways the company's materiality matrix should be updated to reflect the global COVID-19 pandemic and the need to address racial inequities raised by protests for social justice.

The company will build on its matrix developed in late 2018, working with Deloitte to identify issues where Cummins has the biggest environmental, social and governance/economic impact and reporting gaps.

Cummins and Deloitte interviewed key voices in and outside the company, including non-governmental organization leaders, public officials, customers, agencies that rate and rank companies on sustainability, as well as company leaders and board members. More than 1,000 Cummins employees were also polled on their sustainability priorities.

The resulting matrix identified areas such as supply chain, customer training and satisfaction, and technology and innovation as potential opportunities for expanded action and reporting attention. Those areas are addressed in this 2019 report.

However, events in the first half of 2020 put health and safety and diversity and inclusion in a new light. That will undoubtedly be reflected in the company's revised matrix and its sustainability reporting next year.



The X axis includes impacts that are important to Cummins. The Y axis includes impacts that are important to stakeholders outside the company.

KEY PERFORMANCE INDICATORS

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

Here are just a few:



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

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

ECONOMIC

	2017	2018	2019
Revenue	\$20.4 billion	\$23.8 billion	\$23.6 billion
Net Income	\$999 million*	\$2.1 billion	\$2.3 billion

* 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%.

ENVIRONMENTAL

	2017	2018	2019
GHG emissions (thousands of metric tons CO ₂ e)	778	808	753
Energy consumption ¹ (thousands of MMBtu)	13,656	14,374	14,038
Water use (millions of gallons)	964	949	895
Water intensity reduction ² (2010 baseline)	44%	50%	53%
Energy intensity reduction ^{2,3} (2010 baseline)	25%	29%	31%
GHG intensity reduction ^{2,3} (2010 baseline)	33%	37%	42%
Recycling rate	90%	90%	91%

SOCIAL






	2017	2018	2019
H&S Severity Case Rate	0.251	0.264	0.225
H&S Incidence Rate	0.691	0.646	0.593
Code of Conduct cases	1,904	2,215	2,436
Women leaders in the workforce	21.80%	23.22%	23.90%
Every Employee Every Community (EEEC) participation rate	82%	83%	82%
People impacted by EEEC projects	3.3 million**	4.3 million	6.5 million

**First year for calculation

THE U.N.'S SUSTAINABLE DEVELOPMENT GOALS

Cummins supports the U.N.'s Sustainable Development Goals to “end poverty, protect the planet and ensure prosperity for all.”

As a signer of the U.N. Global Compact in 2017, the company wants to do its part to make the world a better place to live. The company believes its initiatives touch 17 goals with a special focus on 10 where it has the biggest impact:

U.N. GOAL	CUMMINS' ROLE	STATUS SUMMARY	LEARN MORE	
	NO. 1 NO POVERTY	<i>Cummins TEC provides disadvantaged youth a path to decent jobs.</i>	<i>Launched in 2012, TEC has produced 376 graduates as of 2019 from programs around the world.</i>	Page 37
	NO. 4 QUALITY EDUCATION	<i>Education is one of three areas of focus for the company's community engagement efforts.</i>	<i>Twenty-two percent of the company's Corporate Responsibility grants in 2019 went to education initiatives, often supporting employee-led projects.</i>	Page 34
	NO. 5 GENDER EQUALITY	<i>Cummins Powers Women works with expert non-profits to address equality for women and girls.</i>	<i>The Cummins Powers Women initiative impacted the lives of more than 100,000 people since its launch in 2018.</i>	Page 35
	NO. 6 CLEAN WATER AND SANITATION	<i>Water is a key focus for the company's 2020 goals as well as its PLANET 2050 strategy.</i>	<i>Cummins avoided using about 1 billion gallons of water between 2010 and 2020 by implementing conservation measures.</i>	Page 20 Page 26 Page 59
	NO. 7 AFFORDABLE AND CLEAN ENERGY	<i>Energy is a key focus for the company's 2020 goals as well as its PLANET 2050 strategy.</i>	<i>A Cummins-supported wind farm in Indiana (U.S.) is sending enough renewable power to offset nearly a third of the electricity Cummins uses worldwide with renewable power.</i>	Page 20 Page 24 Page 25

ABOUT THE GLOBAL COMPACT

Cummins is a member of the United Nations Global Compact. It is organized around 10 fundamental principles:

HUMAN RIGHTS

- » Businesses should support and respect the protection of internationally proclaimed human rights.
- » Businesses should make sure that they are not complicit in human rights abuses.

LABOR

- » Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- » Businesses should work for the elimination of all forms of forced and compulsory labor.
- » Businesses should strive for the effective abolition of child labor.
- » Businesses should support the elimination of discrimination in employment and occupation.

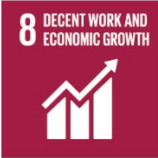




ENVIRONMENT

- » Businesses should support a precautionary approach to environmental challenges.
- » Businesses should undertake initiatives to promote greater environmental responsibility.
- » Businesses should encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- » Businesses should work against corruption in all its forms, including extortion and bribery.

THE U.N.'S SUSTAINABLE DEVELOPMENT GOALS (CONT.)

U.N. GOAL	CUMMINS' ROLE	STATUS SUMMARY	LEARN MORE
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>NO. 8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>The company's mission is to build a more prosperous world for all stakeholders.</p>	<p>The company established a "living wage" in the United States of \$15 per hour and is taking steps to address wages elsewhere.</p> <p>Page 44</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>NO. 9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p>	<p>Cummins is implementing its own Industry 4.0 initiative to upgrade its manufacturing efforts.</p>	<p>In 2019 Cummins installed a number of collaborative robots at its facilities and upgraded its 3D printing capabilities.</p> <p>Page 58</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>NO. 12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Improving the company's energy consumption is a key focus of Cummins' 2020 environmental goals.</p>	<p>In 2019, Cummins missed by a single percentage point reaching its 2020 goal of a 32% reduction in energy intensity, energy use adjusted by hours worked.</p> <p>Page 24</p>
 <p>13 CLIMATE ACTION</p>	<p>NO. 13 CLIMATE ACTION</p>	<p>Addressing climate change is part of the company's PLANET 2050 strategy.</p>	<p>The strategy includes science-based 2030 goals, aligned with the Paris Agreement to address climate change.</p> <p>Page 20</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>NO. 17 PARTNERSHIPS TO ACHIEVE GOALS</p>	<p>Cummins believes strongly in partnering to improve its products, build stronger communities and address the environment.</p>	<p>Cummins partners with a wide range of groups, from the Department of Energy to the Meadow Lake Wind Farm. It also partners with non-profits through Cummins Powers Women.</p> <p>Page 31 Page 35 Page 37 Page 57</p>

WHO WE ARE

Cummins Inc., a global technology leader, is a corporation of complementary business segments designing, manufacturing, distributing and servicing a broad portfolio of power solutions. The company's products range from diesel and natural gas engines to hybrid and electric platforms, as well as related technologies, including transmissions, battery systems, fuel systems, controls, air handling, filtration, emission solutions, and power generation systems.

WORLD HEADQUARTERS

500 Jackson St.
Columbus, IN 47201

EST. 1919



www.cummins.com

CMI

STOCK SYMBOL

(New York Stock Exchange)

61,615

 EMPLOYEES WORLDWIDE

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

(as of Dec. 31, 2019)

FORTUNE 500 RANKING (2020)

132

CUSTOMERS

Cummins serves customers online, through a network of company-owned and independent distributor locations, and through thousands of dealer locations worldwide.

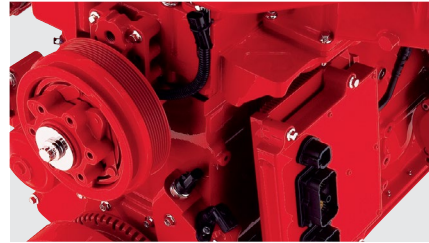
SALES / EARNINGS

In 2019, Cummins earned \$2.3 billion (\$2.4 billion excluding restructuring), on revenues of

\$23.6 billion

HOW WE DO IT

For almost 20 years Cummins was organized into four business segments. Then, in 2018, the company established the Electrified Power segment to develop electric powertrains and related components. In 2019, the segment was renamed New Power to better represent its expanded portfolio, including electrification, hydrogen-powered fuel cells and potentially other new technologies.



ENGINE SEGMENT

Clean, efficient, dependable and durable, Cummins engines are found in nearly every type of vehicle and equipment on Earth. The Engine segment designs and builds diesel and natural gas engines for heavy and medium duty trucks, buses, light duty trucks and for off-highway markets including agriculture, construction and military equipment.

POWER SYSTEMS

Cummins is a world leader in the design and manufacture of power generation equipment. The Power Systems segment produces power generation systems, components, and services in standby and prime power, distributed power generation and auxiliary power in mobile applications. It also designs and builds the high horsepower engines used for these and other purposes.



COMPONENTS

Engine manufacturers around the world incorporate Cummins components to make their products truly outstanding. The Components segment is organized around these entities:

- » **CUMMINS EMISSION SOLUTIONS** designs and builds exhaust aftertreatment solutions to reduce engine emissions.
- » **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 builds fuel systems that maximize power and fuel economy while helping reduce emissions.
- » **CUMMINS TURBO TECHNOLOGIES** designs and builds turbochargers to maximize engine performance and reduce emissions and fuel consumption.



DISTRIBUTION

The Distribution segment provides sales, service and support to customers around the world through the largest number of certified service and support locations of any engine manufacturer. Cummins has the technical expertise and experience to deliver fast, high quality repairs; planned maintenance and upgraded solutions.

NEW POWER

The New Power segment includes electrification, lithium-ion, fuel cells and renewable hydrogen production technologies and potentially other new power options. Cummins in 2019 acquired Hydrogenics, a fuel cell and hydrogen production technologies company, which is now included in the segment.



CUMMINS' STORY

WHY WE EXIST

MISSION

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

WHAT WE WANT TO ACCOMPLISH

VISION

Innovating for our customers to power their success

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***

STRATEGY

Delivering value to all stakeholders

OUR KEY TOOLS

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. Cummins employees also use Six Sigma when working with community partners on Corporate Responsibility projects.



Here are some key metrics:

- » **15,589 employees have been trained on Six Sigma common tools through 2019, including 13,871 exempt employees who are trained to lead Six Sigma projects with common, continuous improvement methodologies.**
- » **1,087 current employees took Six Sigma training in 2019.**
- » **Six Sigma projects have identified an estimated \$7.42 billion in Profit Before Interest and Taxes (PBIT) savings since the tool was first implemented in 2000, including \$231 million in 2019.**
- » **Cummins customers have saved an estimated \$2.43 billion through Six Sigma since the tool was first offered to them in 2005, including \$88.8 million in 2019.**

The tool's impact, however, goes beyond cost savings and building stronger communities. The tool provides Cummins with a common language and collective mindset 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 annual 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 been widely credited with helping turn Cummins into the vibrant and innovative company it is today. Heading into its 20th year as a key part of Cummins, Six Sigma has established itself as the principal problem-solving tool used at the company.

CUMMINS OPERATING SYSTEM

The purpose of the Cummins Operating System is to continuously improve the company's products and services by eliminating waste and reducing variation in processes. The 10 practices are:



01 Put the customer first and provide real value.



02 Synchronize flows (material, physical and information).



03 Design quality in every step of the process.



04 Involve people and promote teamwork.



05 Ensure equipment and tools are available and capable.



06 Create functional excellence.



07 Establish the right environment.



08 Treat preferred suppliers as partners.



09 Follow common problem solving techniques.



10 Use Six Sigma as the primary process improvement method.

AWARDS AND RECOGNITION

Cummins received several awards during 2019 and early 2020. Here's a quick look:

ENVIRONMENT AND SUSTAINABILITY



» Cummins was named in 2019 to the **DOW JONES INDICES OF THE MOST SUSTAINABLE COMPANIES IN NORTH AMERICA**. It was the 14th consecutive year Cummins made the list.

» Cummins was named to **BARRON'S 2020 LIST OF AMERICA'S 100 MOST SUSTAINABLE COMPANIES**. Cummins finished No. 50.

» Cummins was named to **INVESTOR BUSINESS DAILY'S 50 BEST ESG COMPANIES** (environment, social and governance) in 2019. The company ranked No. 48.

» Cummins was named to the **FTSE4GOOD INDEX 2019**. The index measures the performance of companies demonstrating strong environmental, social and governance practices.

DIVERSITY AND INCLUSION



» Cummins was named in 2019 to **DIVERSITY BEST PRACTICES 3RD ANNUAL INCLUSION INDEX**, recognizing companies performing at high levels in recruitment, retention, advancement and company culture.

» Cummins in 2020 was named one of **AMERICA'S TOP CORPORATIONS FOR WOMEN'S BUSINESS ENTERPRISES** by the Women's Business Enterprise National Council, recognizing companies with world-class supplier diversity programs.

» Cummins in 2020 received a perfect score for a 15th consecutive year from the Human Rights Campaign (HRC), the largest LGBTQ civil rights organization in the United States. The company was also named to HRC's list of **THE BEST PLACES TO WORK FOR LGBT EQUALITY**.

» Cummins in 2020 was named one of the **TOP 70 COMPANIES FOR EXECUTIVE WOMEN** by the National Association for Female Executives, recognizing U.S. companies with a strong focus on moving women to senior ranks.

ETHICS AND ETHICAL BEHAVIOR



» Cummins was named in 2020 one of the **WORLD'S MOST ETHICAL COMPANIES** for a 13th consecutive year by the Ethisphere Institute, a leader in advancing ethical business practices.

» Cummins in 2019 was included in Newsweek magazine's first ranking of **AMERICA'S MOST RESPONSIBLE COMPANIES**, finishing No. 17.

» Cummins in 2019 was named to Corporate Responsibility magazine's list of the **100 BEST CORPORATE CITIZENS**. The company ranked No. 27.

» Cummins in 2020 was included in the 3rd Annual **JUST 100**, a ranking of America's best corporate citizens by Forbes and Just Capital. The company finished No. 98.

MANAGEMENT AND WORKPLACE



» Cummins was named to the **WALL STREET JOURNAL'S 2019 MANAGEMENT TOP 250**, which looks at corporate performance in employee engagement and development, customer satisfaction and innovation. The company ranked No. 88.

» Cummins in 2019 was named to job search website Glassdoor's list of the **TOP 100 BEST PLACES TO WORK**. The company ranked No. 46.

» Cummins Chairman and CEO Tom Linebarger was named to Fortune Magazine's list of **BUSINESS PERSONS OF THE YEAR** in 2019. He was No. 12.

FUTURE FOCUSED

For more than 100 years Cummins has been at the forefront of new ideas. Here's a brief look at the company's remarkable history.



Clessie Cummins creates the Cummins Engine Company based in Columbus, Indiana (U.S.). William G. Irwin, who employed Cummins as a driver, supplies nearly all of the \$50,000 in startup capital.



1919

Cummins takes Irwin for a ride in a used Packard limousine that he equipped with a diesel engine on Christmas Day, convincing Irwin of the engine's potential. Irwin invests a much-needed infusion of cash.

1929

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



1932

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

1934

Cummins earns its first profit.

1937

Miller becomes Chairman of the Cummins Board.

1951

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.



1962

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.

1963



Miller becomes Executive Vice President of Cummins.

1944

Cummins enters China as part of a deal involving heavy construction equipment with Cummins engines.



1975

Miller lays out his thinking on Corporate Responsibility in Cummins' 1972 Annual Report.

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



1972

Cummins purchases 86% of the Onan Corporation in suburban Minneapolis, Minnesota (U.S.), which would become the basis for its Power Systems Business.

1986

Miller retires as Chairman of the Board, although he remains active with the company until his death in 2004.

1977

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

2012

Cummins establishes its Electrified Power business segment, renaming it New Power in 2019 to reflect investments in hydrogen generation and hydrogen fuel cells.



2018

Cummins unveils PLANET 2050 strategy to further reduce its carbon footprint and address climate change.



2019

Cummins celebrates 100 years in business.



2019

ENVIRONMENT

Cummins is committed to reducing its carbon footprint and doing more to use less of the world's natural resources. The company is also committed to acting with transparency.

WHAT'S INSIDE:

PLANET 2050 INITIATIVE	20
COVID-19'S POTENTIAL IMPACT ON GOALS	22
2020 GOAL PROGRESS	23
PARTNERSHIPS, ADVOCACY	31



Cummins in 2019 achieved its goal to encourage the use of renewable energy when an expansion the company supports of a wind farm in northwest Indiana (U.S.) went fully operational. To learn more, see [page 25](#).

NEW STRATEGY CHARTS PATH TO SUSTAINABLE FUTURE

To do its part to address climate change and other global environmental challenges, Cummins announced in 2019 a new environmental sustainability strategy with goals timed to 2030, and aspirations for 2050.



The company's new PLANET 2050 strategy includes science-based goals for products and facilities timed to 2030 that meet the standards adopted by the United Nation's Intergovernmental Panel on Climate Change. Science-based goals are designed to limit global temperature rise to no more than 1.5 degrees Celsius by the middle of the century.

PLANET 2050's longer term aspirations include powering customer success through carbon neutral technologies for products and facilities, designing out waste in products and processes, and emitting near zero pollution levels in local communities.

The new strategy builds on the success of goals announced in 2014 and timed to 2020 to reduce the company's energy and water use as well as the carbon dioxide (CO₂) from its products.

CHALLENGING GOALS

Cummins' eight 2030 goals (page 21) are divided into two categories: Goals addressing climate change and air emissions, and goals for the use of natural resources in the most sustainable way.

Cummins Chairman and CEO Tom Linebarger unveils PLANET 2050 in November 2019.

Cummins leaders say progress on the 2030 goals will be periodically evaluated and communicated, including consideration of whether more can or should be done in line with global energy and environmental challenges.

The company's strategy also includes addressing environmental needs in the communities where the company's employees live and work and where Cummins does business. Those goals are under development.

ASPIRATIONS FOR 2050

The strategy's aspirations are a first for the company. The 2050 targets are organized around the same categories as the 2030 goals and include:

- » Powering customer success using carbon neutral technologies that address air quality.
- » Wasting nothing through the circular economy principles to use less, use better and use again.
- » Having a net positive impact in every community where Cummins operates.



LEADERSHIP VOICES



"It's clear that government, businesses, nongovernmental organizations and communities must unite behind swift, decisive action to address the environmental threats we face."

TOM LINEBARGER
Chairman and CEO
Cummins



"Since our communities and businesses depend on a healthier planet, we will take strong action on climate change and work toward a future where we waste nothing."

BRIAN MORMINO
Executive Director, Technical & Environmental Systems
Cummins

2050 ASPIRATIONS

COMMUNITIES ARE BETTER BECAUSE WE ARE THERE

2050 TARGETS:

- Net positive impact in every community where Cummins operates.
- Near zero local site environmental footprint.

DOING OUR PART TO ADDRESS CLIMATE CHANGE AND AIR EMISSIONS

2050 TARGETS:

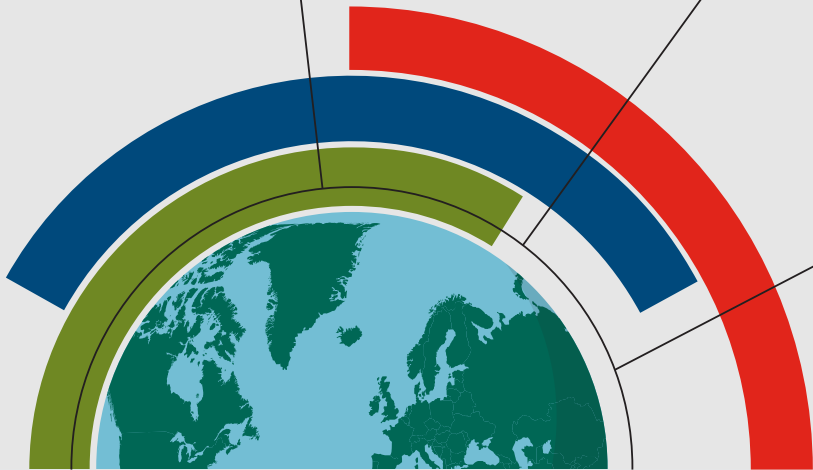
- Customer success is powered by carbon neutral technologies that address air quality.
- Carbon neutrality and near zero pollution in Cummins' facilities and operations.

USING NATURAL RESOURCES IN THE MOST SUSTAINABLE WAY

2050 TARGETS:

- Design out waste in products and processes
- Use materials again for next life
- Reuse water and return clean to the community

NOTE: Company facilities include all consolidated operations and joint ventures that are part of the Cummins Enterprise Environmental Management System. The company's strategy also includes addressing environmental needs in communities where Cummins employees live and work and where the company does business. Those goals are under development.



PLANET 2050

PROSPERITY | LEADERSHIP | ADVOCACY | NURTURE | ENVIRONMENT | TOGETHER™

2030 GOALS

SCIENCE-BASED TARGETS

1. Reduce absolute greenhouse gas (GHG) emissions from facilities and operations by 50%.
2. Reduce scope 3 absolute lifetime GHG emissions from newly sold products by 25%.
3. Partner with customers to reduce scope 3 GHG emissions from products in the field by 55 million metric tons.
4. Reduce volatile organic compounds emissions from paint and coating operations by 50%.

CIRCULAR ECONOMY

5. Create a circular life-cycle plan for every part to use less, use better, use again.
6. Generate 25% less waste in facilities and operations as a percent of revenue.
7. Reuse or responsibly recycle 100% of packaging plastics and eliminate single-use plastics in dining facilities, at employee events and as amenities.
8. Reduce absolute water consumption in facilities and operations by 30%.

PLANET 2050 NUMBERS

300 MILLION

Metric tons of carbon dioxide (CO₂) to be reduced through science-based goals by 2030.

100%

Packaging plastics at Cummins to be reused or responsibly recycled by 2030 under PLANET 2050.

4.0 MILLION

Tanker trucks full of gasoline equal to the amount of CO₂ to be removed under the company's 2030 goals.

50%

New 2030 goal for reduction in volatile organic compounds from paint and coating operations.

COVID-19'S POTENTIAL IMPACT ON 2020 GOAL PROGRESS

Cummins is facing unprecedented challenges as a business because of COVID-19. While the company's sustainability goals are critical to the business, other more immediate company priorities might make progress difficult in 2020.



An employee works at the Cummins' engine plant in Seymour, Indiana (U.S.), in May 2020 after the company implemented new safety protocols because of COVID-19.

The current environmental sustainability plan for the remainder of 2020 – subject to potential updates – is to:

- » **Continue implementing capital projects for energy and water efficiency already underway, where needed resources are not otherwise occupied with COVID-19 support activities;**
- » **Postpone until 2021 capital spending for projects not already in progress to support other business priorities; and**
- » **Continue implementing all low- and no-cost environmental initiatives that don't conflict with any focused COVID-19 response efforts.**

Cummins has aggressively implemented power-down actions to save energy at facilities subject to shutdowns during the crisis, although there is often some energy use necessary for critical functions.

That could result in a net energy savings, but other facilities are working different shifts and open longer to maintain social distancing and implement cleaning protocols. This could use more energy than if production lines were optimized for efficiency.

Waste generation may also increase as the company prioritizes the safety of Cummins employees and uses disposable items such as personal protective equipment.

The company's logistics goal, too, could suffer if Cummins expedites shipping to support customers whose products are considered essential during the pandemic. The team is working to remain as efficient as possible while overall volume is down, thus affecting the goal calculation.

Finally, the company's 2020 energy and water intensity goals will be impacted to some extent by the reduction of employee hours as a result of workforce actions announced in late 2019 and early 2020. Both goals are measured as a percentage of employee hours worked.

Cummins is continuing to track performance, but the company may not have a full grasp on COVID-19's impact on its 2020 environmental goals until early 2021, when results are compiled on 2020 performance.

The company will transparently report its results as always, looking ahead to the challenges and opportunities presented by Cummins' next set of goals for 2030.



2020 GOAL PROGRESS //

CUMMINS PUSHES TO MEET 2020 ENVIRONMENTAL GOALS

Six years after announcing its first global environmental sustainability plan, Cummins has achieved three of seven numeric goals and is very close to a fourth, while significantly offsetting the electricity it uses with renewable energy.

Cummins continued to exceed the carbon dioxide (CO₂) savings it expected to achieve by 2020 through partnering with customers on fuel economy projects, avoiding 17 million metric tons of CO₂.

The company has also surpassed its 2020 water reduction target, a goal that was increased just a few years after Cummins' global environmental sustainability plan was announced in 2014.

The Cummins' engine plant at Rocky Mount, North Carolina (U.S.), has a state-of-the-art water treatment system to be brought on-line in 2020 that includes filtering through plants in a greenhouse to increase the amount of water that can be reused.

The 2019 year-end energy intensity performance was just one percentage point shy of the company's 32% goal. The company, however, acknowledges there could be challenges to meeting its target (page 22) by the end of 2020.

Cummins also made a significant step forward in its goal to use and promote renewable sources of energy. A northwest Indiana (U.S.) wind farm expansion the company is supporting through a virtual power purchase agreement completed its first full year of operation in 2019.

While the power generated by the expansion doesn't go directly to Cummins, the company's share of the expansion is now producing nearly as much electricity as Cummins

uses at its facilities in its headquarters state of Indiana.

The company also exceeded its goal to certify 40 of Cummins' highest energy use facilities to the ISO 50001 Standard, which makes efficiency part of the company's everyday operations.

In addition to the complications from COVID-19, external challenges remain to achieving every 2020 goal, especially in the area of waste management. The company is calling on the creativity and hard work of its employees to surmount these remaining obstacles, if possible.

A goal-by-goal update on Cummins' progress in 2019 starts on the following page.

ENERGY AND GHG



Achieve a 32% energy intensity reduction from company facilities by 2020 and increase the portion of electricity Cummins uses derived from renewable sources.

BASELINE YEAR: 2010



Cummins invested \$30 million, double its typical annual amount, in 140 energy efficiency and renewable energy projects during 2019 toward achieving its energy and greenhouse gas (GHG) goals. Cost savings are projected to be about \$5.2 million per year.

Absolute energy use steadily decreased during 2019 for the first time since the company began actively tracking it in 2006. Rolling four quarter energy use fell 3% from the last quarter of 2018, the highest absolute quarter of energy use at the company.

At the end of 2019, Cummins' energy intensity reduction of 31% was just short of its 32% goal, impacted by a 9% decline in hours worked measured from mid-year to end of year. Since Cummins' goal is an intensity goal,

a decline in hours worked must be offset by even greater reductions in energy use. Total energy costs in 2019 were approximately \$150 million or about 7% of Cummins' net income.

A global campaign for LED lighting during the year produced impressive results; about 85% of the company's light fixtures are now LED.

In 2016, the company pledged to have 90% of its facility GHG footprint, or 40 sites, certified to the ISO energy management standard 50001. By the end of 2019, the company had surpassed the goal, reaching 44 sites.

Between 2010 and 2019, the company's energy efficiency and renewable energy efforts reduced Cummins' GHG intensity by 42%.

The company's GHG emissions decreased by about 56,000 metric tons on an absolute basis in 2019 and fell 7.2% adjusted for hours worked compared to the prior year.

Approximately 38,000 metric tons of the overall GHG reduction can be attributed to the use of updated emission factors from the U.S. Environmental Protection Agency, the International Energy Agency and other country-specific sources.

Cummins' primary energy consumption decreased by 2% on an absolute basis in 2019, while falling by 2.8% adjusted for hours worked compared to 2018.

ENERGY STRATEGY

Cummins continues to use a facility investment plan approach. This approach includes a comprehensive array of energy efficient and renewable energy technologies, such as compressed air optimization, test cell energy recovery, on-site solar, LED lighting and advanced machine controls.

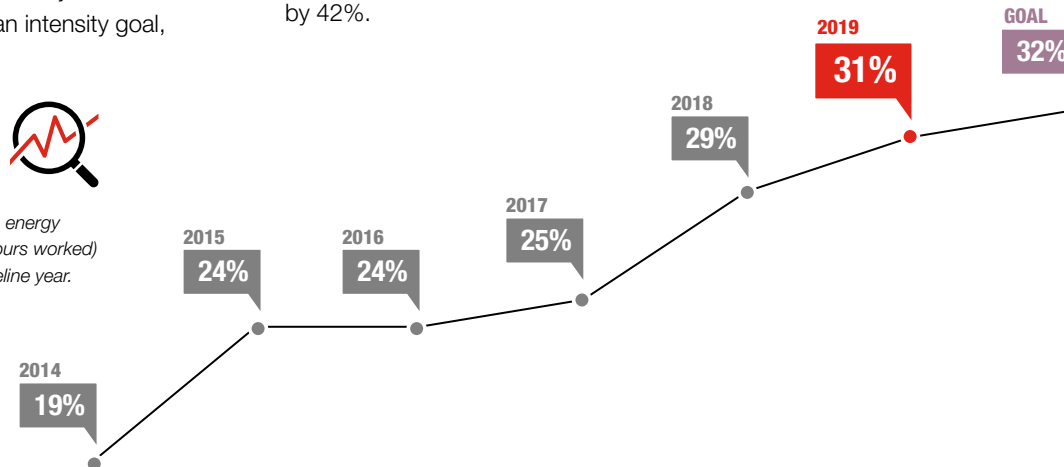
Aggregated savings from energy efficiency efforts total about \$62 million per year.

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 (SEP) program.

ENERGY INTENSITY PROGRESS



Percentage reduction in energy intensity (adjusted by hours worked) compared to 2010 baseline year.



ENERGY AND GHG

CUMMINS EXPANDS USE OF RENEWABLES



Cummins has made a major commitment to renewable energy, pursuing both solar and wind projects in 2019.

SOLAR HEATING UP

The company had 25 onsite solar photovoltaic (PV) system installations in operation in 2019, with a total generation capacity of 16.9 MW. Nine new solar PV projects were added in India, alone, where solar intensity is high, and power from the grid is carbon-intensive and expensive.

Cummins has 11 total solar installations in India, with three more expected to be complete in 2020. The company has a total solar capacity of 10 MW in India, providing about 9% of the total electricity Cummins uses in the country.

“Our campaign approach helped us to get the benefits of economies of scale and deliver significant value to the business and environment,” said Ajay Vaidya, India ABO Facilities Leader.

In China, the Beijing Foton Cummins Engine Company in 2019 expanded the largest solar array in the company, adding panels to a second building that, thanks to technology advances, will produce nearly as much power as the original 650,000 square foot array built in 2016. That array generates about 15% of the building’s electricity needs.

Meanwhile, Cummins Juarez, a Components facility in Juarez, Mexico, expanded its solar array, adding 172 kWp of renewable power.

HARNESSING WIND POWER

Since it went online in mid-December 2018 to end of 2019, the Meadow Lake VI wind farm in northwest Indiana (U.S.) generated enough renewable energy to offset 15.7% of Cummins global facilities’ carbon footprint. The expansion was made possible through Cummins’ 15-year virtual power purchase agreement (VPPA) for 75 MW capacity signed in 2017.

Renewable energy credits (RECs) from the project totaled 126,774 metric tons of CO₂e (carbon dioxide equivalent), which will directly come off Cummins’ GHG footprint. Cummins will retire the RECs. The VPPA provided the anticipated hedge effect against energy prices, as a slight price settlement loss was offset by reduced utility costs at the company’s Indiana plants.

A LOOK AT SOLAR



Cummins has solar arrays around the world. Here’s three examples:

BEIJING, CHINA

Crews in 2019 expanded the solar array at the Beijing Foton Cummins Engine Plant to a second building.

JUAREZ, MEXICO

In 2019, Cummins Juarez expanded the solar array at the plant.

JAMESTOWN, NEW YORK (U.S.)

The Cummins’ engine plant in Jamestown, New York, includes a solar array. The plant is part of the U.S. Department of Energy’s Better Buildings, Better Plants Challenge.

WATER



Reduce direct water use across Cummins by 50% 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



Cummins met or exceeded both of its 2020 water goals in 2019. The company hit its water use intensity (water use adjusted for hours worked) reduction target of 50% in 2018, and surpassed that in 2019, achieving a 54% reduction.

Cummins used 895 million gallons of water in 2019, a 54 million gallon decrease from 2018 and a 77 million gallon decrease since the company initiated its water strategy in 2014. The 54 million gallon decrease between 2019 and 2018 was the single biggest drop in direct water consumption since 2013.

Since the goal's baseline year of 2010, direct water use is down by 21%, even with an increase in the number of facilities during that time period.

Much of Cummins' water efficiency improvements in facilities to meet its 2020 goal have been achieved through low- and no-cost efforts, notably fixing leaks and process optimization. Efforts have also involved capital projects, primarily equipment efficiency upgrades.

Cummins' water neutrality efforts have also yielded success. Fifteen sites have been validated as water neutral toward the company's 2020 goal of 15. These locations are off-setting their water use

with community improvements that either conserve water or make new water sources available.

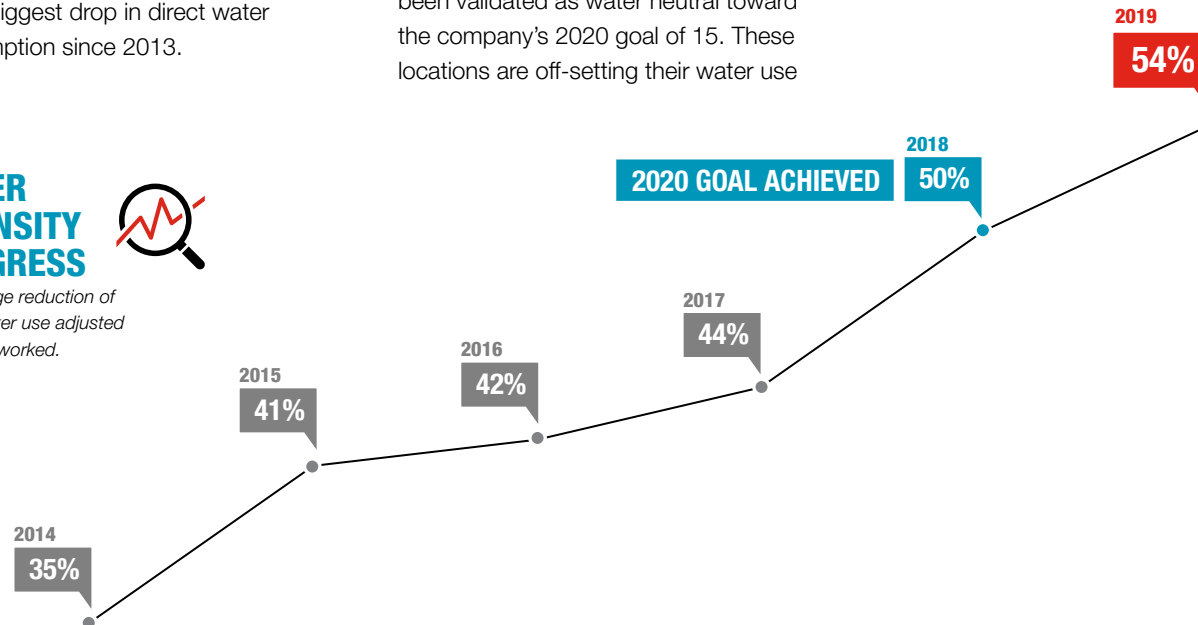
Examples include initiatives in villages near the company's campus in Phaltan, India, where Cummins employees have worked with village residents for many years to establish water supplies that make the villages less vulnerable to periods of drought.

Water neutral sites must be re-evaluated every year to count toward goal achievement.

WATER INTENSITY PROGRESS



Percentage reduction of direct water use adjusted by hours worked.



WATER STRATEGY

The goals of Cummins' 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.

These goals are consistent with the core commitments of the CEO Water Mandate, which Cummins joined in 2019. The U.N. Global Compact's commitment initiative mobilizes business leaders on water, sanitation and the U.N.'s Sustainable Development Goals.

Endorsers of the CEO Water Mandate commit to continuous progress against six core elements of stewardship and, in so doing, understand and manage their own water risks. The mandate's six commitment areas:

- » Direct operations
- » Supply chain and watershed management
- » Collective action
- » Public policy
- » Community engagement
- » Transparency

WASTE



Increase company recycling rate to 95% by 2020. Reach “zero disposal” status at 30 sites with 100 or more people by 2020 where 100% of waste is reused, recycled or recovered in a useful manner.

BASELINE YEAR: 2010



Cummins recycled 91% of the total waste it generated in 2019, a modest rate increase over the previous year. Advances in returnable and re-useable packaging, while good for the environment, are making achieving the 2020 recycling goal of 95% a challenge.

The overall picture, however, is impressive. Since the baseline year of 2010, Cummins’ total waste disposal decreased about 10.6% in absolute terms, while experiencing a 47.2% reduction in disposal adjusted for hours worked. Compared with 2018, Cummins’ total waste disposed in 2019 decreased by 3,641 metric tons or 15.4% on an absolute basis and by 15.7% adjusted for hours worked.

In 2019, the company implemented several high-impact projects including co-generation and energy recovery for energy rich but difficult to recycle material. Challenges remain, including regulatory barriers and the absence of recycling or recovery suppliers in some regions of the world.

Cummins has been reducing packaging waste globally by increasing its use of returnable and reusable packaging. Last year, the company completed more than 100 packaging projects resulting in

the removal of 30 million pounds (13,500 metric tons) of packaging waste.

This positive waste reduction, however, negatively impacts the recycling rate, as most corrugated and wood packaging is widely recycled in many operating regions of the world.

Cummins’ second waste goal is 30 “Zero Disposal” sites by the end of 2020. There are currently 23 sites pending final validation. The company has a stringent validation process to certify a site.

Under Cummins’ definition of Zero Disposal, waste can only be burned as a last resort to create energy and then only if there’s a net energy gain, creating more energy than is needed to sustain combustion. Each validated site must be re-evaluated every year to count toward goal achievement.

RECYCLING RATE PROGRESS



Percentage of waste recycled compared to baseline year of 2010.



WASTE STRATEGY

The company follows the principles of the waste management hierarchy of reduce, reuse, recycle and recovery. The “nothing wasted” aspiration of the new sustainability strategy PLANET 2050 will challenge Cummins to minimize waste generation at the outset and more fully repurpose the waste that is generated through circular economy principles.

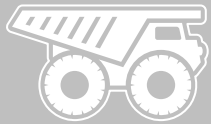
Reducing the company’s waste as business grows will require a cross-functional approach, including product design, packaging, manufacturing, supply chain, services and company-wide employee engagement.

HAZARDOUS WASTE

Cummins is committed to avoiding the generation of hazardous waste and properly handling hazardous materials in the workplace, but the definition of what constitutes hazardous waste varies widely by country.

The company follows all applicable local and regional regulations. For U.S. sites that generate hazardous waste, the company has a formal supplier pre-qualification process to ensure such waste is handled properly.

PRODUCTS IN USE



Partner with customers to improve the efficiency of our products in use, reaching by 2020 an annual run-rate reduction of 3.5 million metric tons (MMT) of carbon dioxide (CO₂).

BASELINE YEAR: 2014



From optimizing products for specific market segments, to the use of software to assist in the truck specification process, to the ability to customize electronic engine settings and parameters, Cummins helps customers reduce their carbon footprint throughout the life of the company's products.

In 2019, Cummins maintained its annual run rate reduction of 4.3 million metric tons, which it achieved in 2018 when Cummins surpassed the company's

2020 goal of 3.5 million metric tons. Cummins' fuel economy teams throughout the world continue to implement new products-in-use projects, with more than 300 total projects since 2014.

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

Cummins estimates that the lifetime emissions of its products sold in 2019 is 925 million metric tons of CO₂.

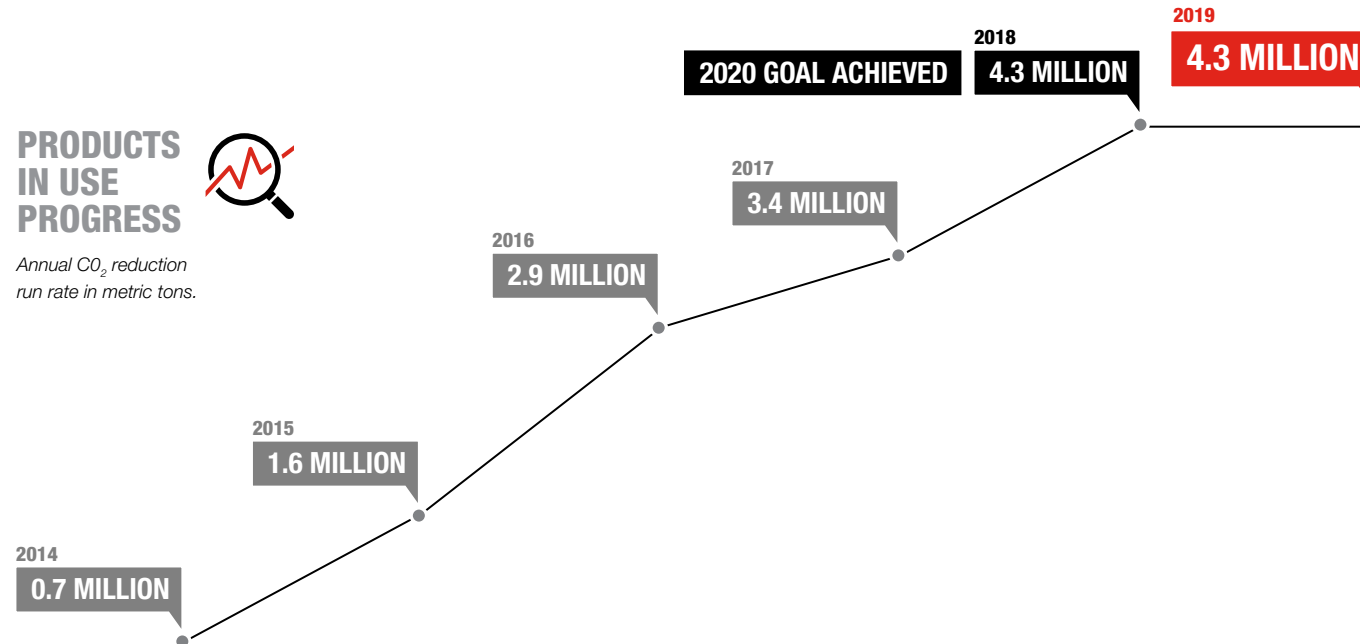
The company's data is modeled using overall volumes by segment and engine model sold in a given year, and by determining the volumes in operation each year using the long-standing Cummins New and ReCon Parts proprietary parts consumption model as well as customer engineering analysis.

Yearly miles per gallon or gallons per hour are converted to million metric tons of CO₂e (carbon dioxide equivalent).

PRODUCTS IN USE PROGRESS



Annual CO₂ reduction run rate in metric tons.



PRODUCTS IN USE STRATEGY

GHG emissions from Cummins products in use are the company's largest environmental impact and represent an estimated 99% of Cummins' GHG footprint due to fossil fuel use.

The company's biggest opportunity to expand product stewardship beyond the upfront design of its products is in working with customers to improve the efficiency of Cummins products in use and ensuring customers have the latest tools to improve fuel efficiency.

The company expects to cut CO₂ emissions by 23 million metric tons, saving customers up to \$9 billion through greater fuel efficiency by the end of 2020.

Cummins expects to work with about 20% of its customer base, touching nearly 2 million engines, as it seeks to tailor engine specifications to customer applications.

LOGISTICS



Use the most efficient method and mode to move goods across the Cummins network to reduce CO₂ per kilogram of goods moved by 10% by 2020.

BASELINE YEAR: 2014



Like most global companies, Cummins relies on various modes of transportation to move materials and product between plants, warehouses and distributors before it ultimately gets to customers.

The challenge is managing the supply chain to move freight fast and efficiently. Cummins is working to reduce its carbon footprint by measuring, benchmarking and reviewing the company's freight network and strategically making better choices.

LOGISTICS STRATEGY

By 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.

The logistics management team, with data from every shipment, launched a Six Sigma project in 2019 to correlate factors most impacting CO₂ levels. Working with Transplace, Cummins third-party logistics partner, the company is optimizing Cummins-managed freight daily, making the company's top 30 highest CO₂ generating routes a priority.

In 2019, the company was able to increase average truckload weights by 5.4% over 2018, and decrease CO₂ emissions per kilogram by 7%, making progress on the company's 2020 goal of 10%.

The largest CO₂ improvement came when some import shipments for the Cummins' engine plant in North Carolina were switched to entry from the U.S. East Coast rather than the West Coast. The current focus is on shifting some shipments to efficient rail transportation.

KEY NUMBERS IN 2019

730 Average road shipment at Cummins in miles.

SEVEN

Percent CO₂/kilogram reduction level of product and materials moved in 2019.

25,000

Shipments per month managed by the company in North America.

CUMMINS LOW CARBON MINDSET

Cummins has demonstrated its ability to think creatively to reduce its carbon footprint. Here are three ways the company is putting renewable power to use.

NEW POWER

Cummins is putting more focus on battery-electric and fuel cell powered (including hydrogen) platforms. Cummins has greatly expanded its technical capability with electrified power technology, offering electrified powertrains for school bus, transit bus and work truck applications.

SOLAR

Cummins is making a major investment in solar, projecting it will have more than two dozen onsite solar projects completed by the end of 2020.

WIND

The company helped an Indiana (U.S.) wind farm expand, offsetting nearly all the energy the company uses at its Indiana facilities.

ENVIRONMENTAL GOALS UPDATE

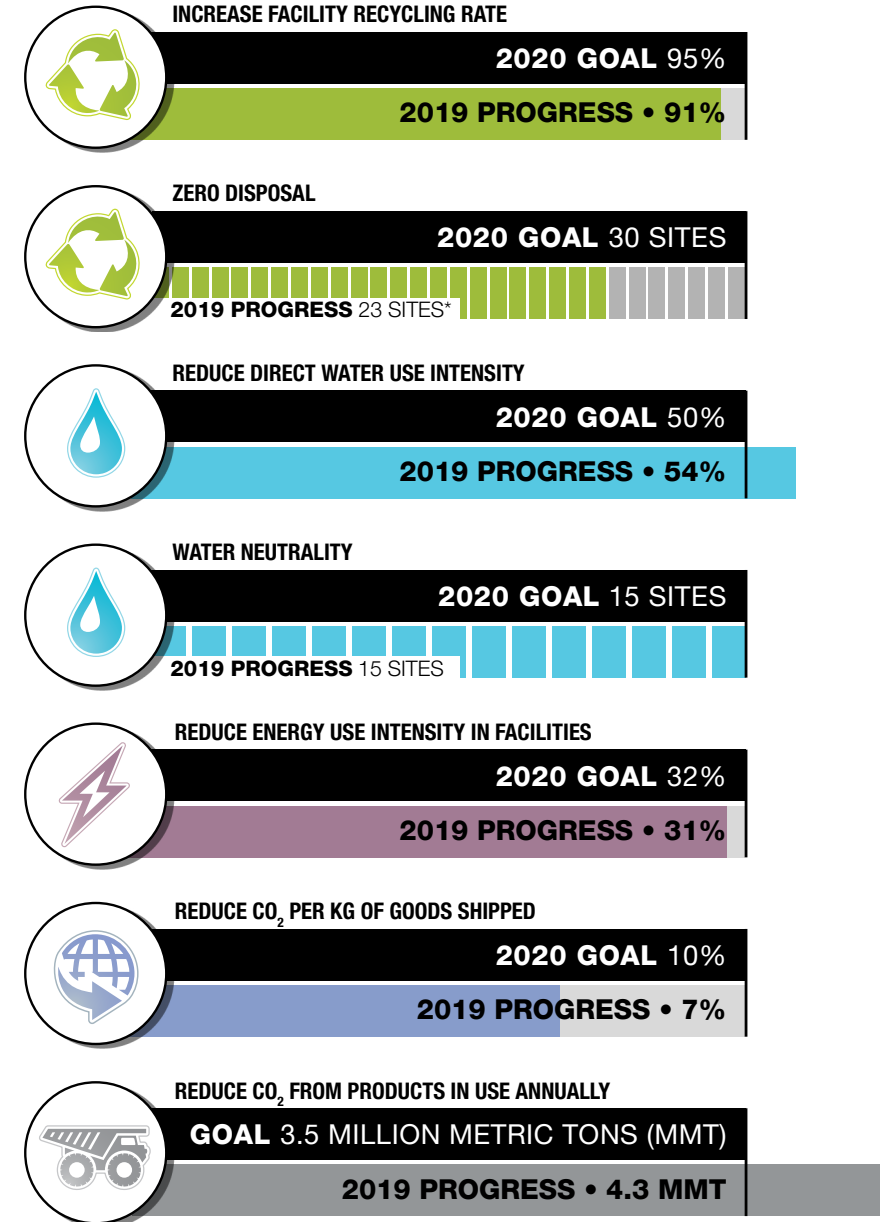
KEY INDICATORS

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.

ENVIRONMENTAL PERFORMANCE	2016	2017	2018	2019
Energy consumption (thousands of MMBtu) ¹	12,889	13,656	14,375	14,016
GHG emissions (thousands of metric tons CO ₂ e)	762	778	808	751
Generated waste (thousands of metric tons)	186	207	227	224
Disposed waste (thousands of metric tons)	21	21	24	20
Recycled waste (thousands of metric tons)	166	186	203	204
Recycling rate (%)	89	90	90	91
Hazardous waste (thousands metric tons)	3	4	5	7
Water use (millions of gallons)	930	964	949	895
Enterprise ISO 14001 certified entities ²	108	108	109	111
Manufacturing sites certified to ISO 14001 / OHSAS 18001 (%)	96	95	97	97
ISO 50001 Certified sites	16	27	36	44
Net sales (millions U.S. dollars)	17,509	20,428	23,771	23,571
Water intensity reduction since 2010 (%) ³	43	44	50	53
Energy intensity reduction since 2010 (%) ^{3,4}	24	25	29	31
GHG intensity reduction since 2010 (%) ^{3,4}	30	33	37	42

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



*Pending final validation

ADVOCACY, PARTNERSHIPS CRITICAL TO PROGRESS

Cummins' policy advocacy and partnerships play key roles in the company's environmental strategy and compliance.



By advocating for tough, clear and enforceable regulations, and working with others to develop new technologies to meet them, Cummins achieves four strategic goals:

- » Technology development.
- » Incentives to accelerate progress.
- » A balanced, global regulatory approach.
- » Responsible regulations.

Cummins believes strongly it has a technical advantage when everyone must meet the same standards.

PROMOTING REGULATIONS

Emissions regulations are expected to continue tightening globally with a growing focus on greenhouse gas (GHG) standards. Over the next five years, Brazil, China, India, Mexico and other countries are expected to adopt the low emissions levels contained in the Euro VI and U.S.

Environmental Protection Agency (EPA) 2010 emissions regulations for on-highway products.

Meanwhile, Phase 2 of the U.S. GHG/fuel efficiency regulations passed in 2016 include separate engine standards. Cummins continues to support this regulation and in 2017 began working to implement it in its products. The first phase goes into effect in 2021.

Through its Government Relations function (see [page 53](#)) and by other means, the company is advocating for separate engine standards around the world as other regions consider GHG regulations.

Cummins also continues working to lower levels of oxides of nitrogen (NOx) and particulate matter in its product emissions in the U.S. and globally. The company is committed to working with the U.S. EPA and the California (U.S.)

Air Resources Board as they develop new regulations to reduce NOx emissions for on-highway engines.

TRACKING COMPLIANCE

Keeping track of global standards is no small job. In 2019, the company certified or maintained more than 140 engine configurations with approximately 17 governing agencies around the world. These certifications represent at least 34 different emissions standards for diesel and natural gas products for on-highway, off-highway, marine and rail applications.

In 2019, Cummins recreated the Product Compliance and Regulatory Affairs function to strengthen its collaboration with agencies setting emissions regulations and certification processes. The group functions independently from, and provides oversight to, product development teams and business

segments at Cummins, reporting directly to the CEO.

For facility compliance, the company recently implemented its global Legal Compliance External Audit Program, which requires each of Cummins' regional groups around the world to select an external vendor to conduct compliance audits at their sites.

This program has a common audit methodology to drive effective, transparent and consistent compliance assessment across regions. Cummins also uses legal compliance software to help ensure full knowledge of compliance obligations and track any issues.

PARTNERING FOR PROGRESS

Cummins is a member of many organizations that promote sustainability and low-carbon technology. They include the global **Hydrogen Council**, the **U.S. Fuel Cell Hydrogen Energy Association**, the **California Hydrogen Business Council**, the **CA Fuel Cell Partnership** and **Hydrogen Europe**. CEO Tom Linebarger sits on the board of the Hydrogen Council.

Cummins also participates in the **U.S. EPA's Green Power Partnership** to promote the voluntary use of low carbon power sources such as renewable energy.

The company is active in the **Diesel Technology Forum**, which raises awareness about the importance of clean diesel technology.

The **Health Effects Institute** was founded by the U.S. EPA and industry leaders, including Cummins, to provide impartial, high quality, scientific findings on air pollution.

Cummins belongs to **BSR**, which works with members to develop sustainable business strategies through research and cross-sector collaboration.

The **Renewable Energy Buyer's Association**, a member-based platform that includes Cummins, works to streamline and accelerate corporate procurement of off-site, utility-scale wind and solar energy.

Cummins also belongs to the **International Council on Clean Transportation (ICCT)**, whose mission is to improve the environmental performance of road, marine and air transportation to benefit public health and mitigate climate change. In 2018, Cummins produced 31,864 soot-free engines as part of a key ICCT initiative.

SOCIAL

Social issues ranging from community engagement to the health and safety of employees are key to Cummins' sustainability.

WHAT'S INSIDE:

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HEALTH AND SAFETY.....	39
DIVERSITY AND INCLUSION.....	41
WORKFORCE.....	44



Cummins employees in India work on a project designed to capture water in monsoon season to prevent droughts later.

BUILDING MORE PROSPEROUS COMMUNITIES



CUMMINS JOINT VENTURE
employees distribute reusable bags to community kindergartners to promote environmental awareness in Xiangyang, China.

The mission of Cummins' community work is to support its employees as they partner with local nonprofits to solve some of the most difficult societal problems.

Through this engagement and investment in global strategic programs, the company aims to build more prosperous communities around the world.

Cummins has a deeply rooted historical commitment to community problem solving. Each CEO, starting with J. Irwin Miller in the 1950s, has had a personal commitment to corporate responsibility, including the company's current Chairman and CEO Tom Linebarger.

Linebarger, and the entire leadership team at Cummins, join the company's more than 60,000 employees to engage personally in identifying community needs, partnering to address those challenges and helping people thrive in their day-to-day lives.

PRIORITY AREAS

Cummins focuses its employee engagement efforts on three global priority areas critical to healthy communities:

01 // EDUCATION

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

02 // ENVIRONMENT

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

03 // EQUALITY OF OPPORTUNITY

Increasing opportunity and equity for those most in need.

KEY NUMBERS IN 2019

6.5 MILLION

Estimated number of people served in 2019 by Cummins' community engagement programs.

82%

Cummins employees participating in the company's primary community engagement program.

\$20.5 MILLION

Cummins community grants in 2019.

COMMUNITY IMPACT AND GIVING



Cummins is a data-driven company in everything it does, including the impact of its community engagement programs.

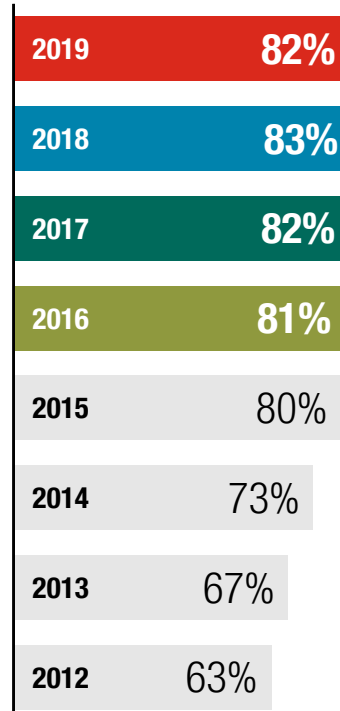
GOAL ALIGNMENT

Cummins' community engagement programs impact these U.N. Sustainable Development Goals.



ENGAGEMENT

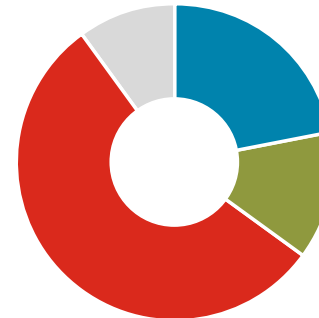
One of the company's chief metrics for community engagement is employee participation in Cummins' Every Employee Every Community program, which enables each employee to use at least four work hours to engage in their communities. For the fourth year in a row, more than 80% of Cummins employees participated in the program. In 2019, the company increased its participation goal from 70% to 80%, but health and safety measures implemented due to COVID-19 will make the goal difficult to achieve in 2020.



GRANT MAKING

Cummins, through the Cummins Foundation and by other means, financially supports community engagement projects around the world. In 2019, the company gave \$20.5 million to communities through Community Development Grants and other strategic community investments in Cummins' three global priority areas.

Here's a look at 2019 grant-making by priority area.

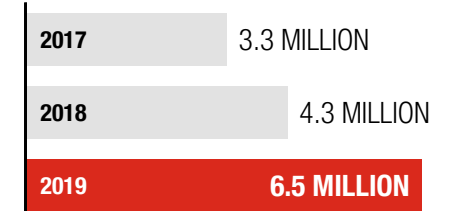


22% EDUCATION
13% ENVIRONMENT
55% EQUALITY OF OPPORTUNITY
10% OTHER

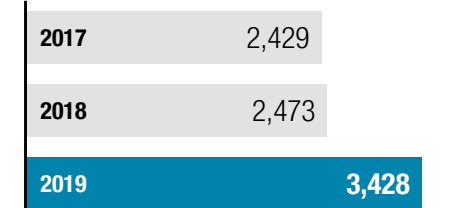
IMPACT

Here's a quick look at the estimated impact of Cummins' community engagement efforts.

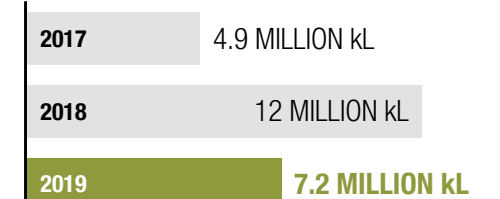
PEOPLE SERVED



JOBS SECURED



WATER CONSERVED





Cummins employee Emma Benchell mentors a young girl in Indianapolis, Indiana (U.S.), as part of the Cummins Powers Women partnership with the nonprofit Girls Inc.

COMMUNITY ENGAGEMENT //

ENGINEERING SOLUTIONS TO GENDER INEQUALITY

In 2018, Cummins launched Cummins Powers Women, its \$11 million (and growing) global grant commitment to advancing women and girls in communities around the world.



The program currently works with eight global nonprofit partners to accelerate gender equality through leadership training, advocacy, mentoring, financial inclusion, entrepreneurship and strategic engagement with nonprofit leaders. Leaders like Oyeyemi Pitán, who graduated from the advocacy and leadership accelerator workshop in Nigeria led by Rise Up, one of Cummins Powers Women's nonprofit partners.

Pitán was already developing national programs for women and girls before she participated in the workshop. She saw girls in her region struggling to attend or finish school and getting married before they were ready. At the workshop, she learned the importance of including law- and policy-makers in strategic and effective advocacy. As a result, she is focusing her work on the passage of a national level gender and equal opportunity bill, which aims to reduce gender discrimination, protect women's rights and increase

COMMUNITY ENGAGEMENT //

women's opportunities in both public and private spaces across Nigeria.

The Cummins Powers Women program has seen great success in just two years. It has served more than 100,000 people, invested in 74 advocacy initiatives in six regions, and resulted in eight new and improved laws and policies supporting gender equality.



100,000
Lives impacted since the Cummins Powers Women initiative started in 2018

The partnership is a continuation of the company's commitment to diversity and inclusion and ensuring its global workforce is reflective of the communities in which it operates.

In 2019, Cummins leaders around the world put their skills to good use by engaging directly with Cummins Powers Women nonprofit partners to further their work and initiatives.

The Cummins Asia Pacific leadership team, for example, gathered in Melbourne, Australia, to participate in a skills-based workshop with eight senior leaders from international

Nathan Stoner, Vice President of the China Area Business Organization at Cummins, speaks about Cummins Powers Women at a town hall event in China.

humanitarian organizations and Cummins Powers Women partner CARE, which works around the globe to save lives, defeat poverty and achieve social justice. Led by a Cummins Six Sigma Black Belt, the group discussed the four most pressing issues facing CARE. Cummins leaders offered their business acumen and experience to help formulate plans to address each of the challenges and provided CARE with tools to improve its capacity and partnership opportunities.

In London, Cummins Government Relations Director Laura Gilmore led a webinar on basic lobbying and advocacy skills for Cummins Powers Women partner Rosa, a charitable fund designed to support small organizations across the U.K. that benefit women and girls. More than 30 participants from Rosa's grantees attended the webinar to learn how best to communicate with local and national government stakeholders. With the help of Gilmore's expertise, the grantees learned how to build good relationships with government stakeholders to further their organizations' goals.



KEY NUMBERS IN 2019

FORTY

Cummins leaders and teams working with Cummins Powers Women partners in 14 countries.

1,900+

Volunteer hours by Cummins employees with the eight global nonprofit partners in Cummins Powers Women.

1,500+

Cummins employees signing up to serve as Cummins Powers Women ambassadors, committing to learn and volunteer in support of gender equality.

TRANSFORMING LIVES THROUGH TECHNICAL EDUCATION



TEC STUDENT Amina Saaidi performs a test on a Cummins engine in Morocco.

Strong educational systems, improved access to industry-relevant skills training and decent work make the communities in which Cummins employees live and work healthier and stronger. This is good for Cummins, other businesses and communities.



At the same time, jobs that do not require skills are disappearing and there are rising levels of unemployment and poverty in the ranks of the unskilled and uneducated, causing individual and community hardship.

Communities around the world are suffering from widening gaps in wages and incomes due in part to skill set disparities. Launched in 2012 to address this need, Cummins TEC: Technical Education for Communities is the first global strategic community program developed by Cummins from the ground up. The program seeks to create educational change in the company's

global communities by equipping disadvantaged youth with the technical skills that lead to decent work.

Cummins TEC provides skills development and a pathway into the prospering economy through a Cummins-supported curriculum, teacher training, career counseling support, and workplace and classroom learning.

The program's success depends on effective partnerships with other local hiring and training employers, government and community organizations. A coalition of more than 50 partners helps guide the schools and provide workplace learning opportunities to ensure student outcomes align with community needs.

TECHNICAL EDUCATION FOR COMMUNITIES



LEARN MORE

To learn more about Cummins TEC: Technical Education for Communities, check out the [program's webpage](#) which goes into greater depth on TEC and the philosophy behind it. Cummins has also produced a [video on a graduate in the program in Africa](#).



Cummins TEC students learn about engines at a joint venture plant in Chongqing, China.

The impact of Cummins TEC is tracked through identified program metrics and student outcomes, which show how Cummins TEC improves the lives of students and their families. For example, graduates of the program receive wages that far exceed average living wages in Australia, China, Latin America, Europe, India, Africa and the Middle East. At the same time, the program's spending per graduate decreased by 93% from 2015 to 2019.

“I often see that our technical jobs are one of the places many people can access to gain a good paying job to support their families,” said Cummins Chairman and CEO Tom Linebarger. “Our Technical Education for Communities program goes beyond training to provide a pathway into the economy that doesn’t already exist.”

In 2019, two new Cummins TEC sites were launched, bringing the total number to 24 in 14 countries. One of the new sites, in Onitsha, Nigeria, will be the first co-ed TEC school in the country.

Engaging more female students in Cummins TEC programs around the world is a challenge many sites are working to improve.

The program in Shiyao, China, implemented a pilot process in 2019 to increase female enrollment, resulting in 10 young women enrolling. This is the first female group of students since the program launched there in 2016. Increasing female enrollment remains a key focus for the program in 2020.

Amina Saaidi is a 2018 graduate of the Cummins TEC program in Morocco. She credits the program for providing her with basic foundational skills and hands-on learning, such as engine fundamentals and how to install engine components. Upon graduation, she joined Cummins Maroc, where she continued to hone her technical skills. She learned about different Cummins engines (mechanical and electronic), new technology systems and how to troubleshoot for repairs.

“Being in the workshop and field service, doing inspections or installing parts and assembly, improved many skills for me, such as my technical knowledge, self-confidence, communication and teamwork,” Saaidi said.

KEY NUMBERS IN 2019

24 Cummins TEC locations.

14 Countries with Cummins TEC programs.

376 Cummins TEC graduates.

98 Percent of employers who say they would recommend the hiring of TEC graduates.

92 Percent of employers who say TEC graduates exceeded their expectations.

POWERING A HEALTHIER AND SAFER WORLD

Cummins is committed to being world class in health and safety. The company recorded improvements in most key metrics in 2019, including:

- » An **8% IMPROVEMENT** in Cummins' Incidence Rate, the rate of recordable injuries, from 0.646 in 2018 to 0.593 in 2019 – the lowest Incidence Rate since 2015.
- » An **18% IMPROVEMENT** in the Severity Lost Workday Rate, the rate of lost work days, from 7.706 to 6.357.
- » A **15% IMPROVEMENT** in the Severity Case Rate, the rate of lost or restricted work days, from 0.264 to 0.225.
- » A **31% IMPROVEMENT** in the Contractor Incidence Rate, the rate of recordable injuries involving contractors, from 0.768 to 0.528.

Most importantly, there were no employee fatalities in 2019.

BEHIND THE NUMBERS

The improvements occurred across multiple regions. Cummins in China, for example, saw a 31% improvement in its Incidence Rate. Latin America recorded a 31% improvement in Lost Workday cases. Asia-Pacific reduced Lost Workdays by 36%.

Meanwhile, the Cummins Global Health and Safety team accomplished several major initiatives in 2019 that quickly began paying dividends.

The function, for example, reorganized its operating model to a more regionally based approach, streamlining communication and reducing reaction time to critical challenges.

The reorganization played a critical role in Cummins' rapid response to COVID-19 in early 2020, as the Global Health and Safety team delivered vital health information throughout the organization. Subject matter experts were able to respond quickly to employee questions and process the latest information as it became available from health and safety experts around-the-world.

BRINGING HSE TOGETHER

Cummins in 2019 also worked to truly integrate Health, Safety and the Environment (HSE), which for many years have been included together within the industry but mostly pursued separately. For the first time at Cummins, HSE objectives and targets were introduced in one 2020 plan, providing HSE employees with clear priorities as the company strives to quickly address the needs at every site.

While 2019 will go down as an outstanding year for health and safety, the company is committed to continuous improvement. Protecting Cummins' greatest asset, its employees, is a job never truly done.

GOALS FOR 2023

Cummins believes progress can be driven by setting aggressive, but achievable goals. Key 2023 goals for health and safety (established in 2018) include:

- » **Improve Cummins' average Injury/ Illness Rate (Incidence Rate) by 38% between 2018 and 2023.**
- » **Improve Cummins' Lost Day Case Rate by 39% over the same time period.**
- » **Improve the company's Lost Day Rate by 30% from 2018 to 2023.**

KEY NUMBERS IN 2019

8%

Improvement in the Incidence Rate of Recordable Injuries in 2019.

\$3 MILLION+

Estimated amount in productivity savings from the 150 improvements submitted as part of the company's 2019 Ergo Cup competition.

31%

Improvement in the Contractor Incidence Rate in 2019.

90%

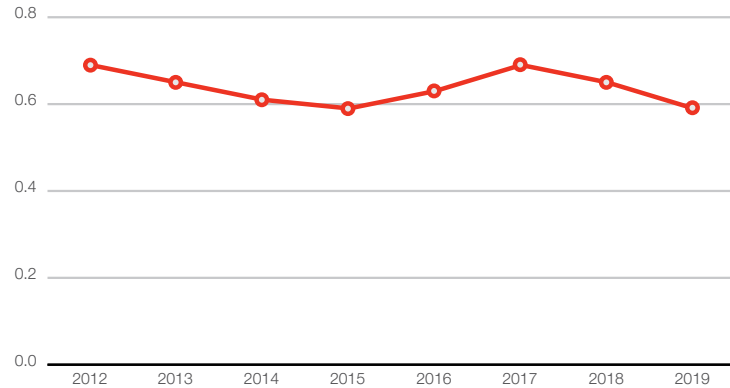
Amount by which Cummins outperformed the average Incidence Rate for the U.S. Motor Vehicle Manufacturing Industry in 2018.

SAFETY PERFORMANCE INDICATORS

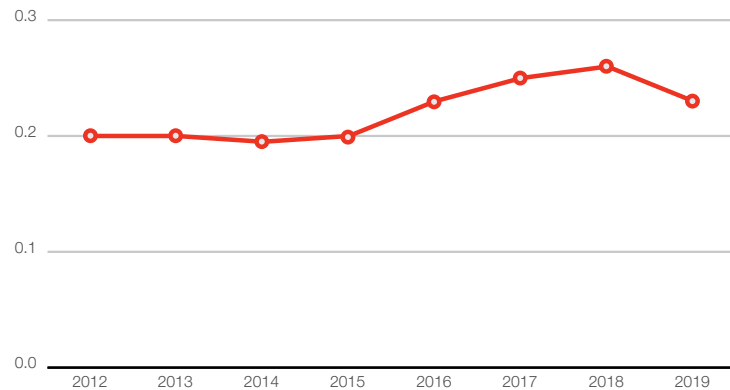
Here's a look at key trends in safety at Cummins.



INCIDENCE RATE



SEVERITY CASE RATE

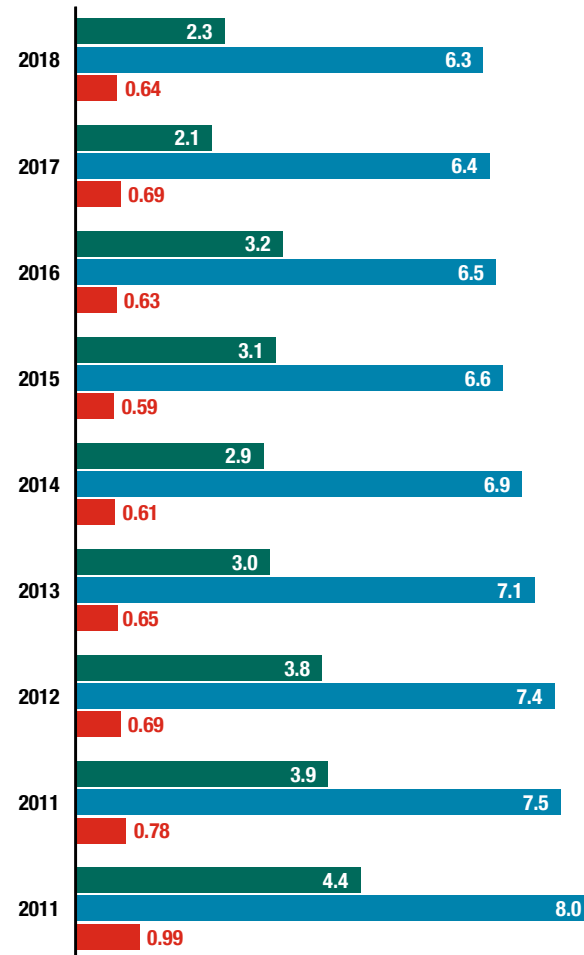


NOTE: The company's Incidence Rate, also known as the average injury / illness rate is the relative number of recordable injuries and illnesses per 100 employees. The Severity Case Rate is the rate of lost or restricted work days.

HOW CUMMINS COMPARES

Here's Cummins' Incidence Rate compared to other industries.

■ US MOTOR & GENERATOR MFG
 ■ US MOTOR VEHICLE MFG
 ■ CUMMINS



EMPLOYEE LED EFFORTS REDUCE ERGONOMIC INJURIES

Cummins continued to make progress on reducing ergonomic injuries in 2019, recording a 15% improvement in the company's Ergonomic Incidence Rate and setting a record for participation in the 8th annual Cummins Ergo Cup competition.

The rate is the number of employees per 100 who experienced an ergonomic OSHA-recordable injury. The rate declined to 0.127 in 2019, as the company completed more than 5,000 new ergonomic job assessments and implemented over 2,000 job improvements.

A record 80 sites participated in the 2019 Ergo Cup competition, submitting more than 150 improvements totaling over \$3 million in productivity savings and \$12 million in estimated cost avoidance.

Two projects took top honors in the competition. Cummins employees in China won the Engineering Award for redesigning testing to re-position an exhaust pipe remotely, improving safety while reducing the time necessary to complete the task.

Cummins employees in Huddersfield, U.K., meanwhile, won the Judge's Choice Award for developing a semi-automatic crane that eliminates manually lifting a turbocharger core into position.



Cummins has put an emphasis on diversity and inclusion for nearly 50 years. It is one of the company's five official values today.

DIVERSITY AND INCLUSION //

DIVERSITY AND INCLUSION PLAY KEY ROLES IN SUSTAINABILITY

Diversity and inclusion are critical to Cummins' ability to innovate, to win in the marketplace and to create sustainable success.

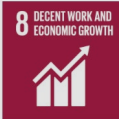
Cummins employees come from different backgrounds and experiences and aspire to work in an environment that is representative at every level of the communities in which Cummins operates around the world. They are each unique in their perspectives and passions.

Employees have varied experiences and personal motivations that drive them. They are united in their relentless desire to see a world, a workplace,

a team where all people are embraced for who they are and what they aspire to achieve.

At Cummins, diversity and inclusion is a business imperative. Having diverse and inclusive workplaces allows Cummins to attract and retain a truly global workforce. Diversity and inclusion enable Cummins to bring the right combination of perspectives, insights and skills to solve the challenges of today and tomorrow.

WOMEN AT CUMMINS



Cummins has made a special effort in recent years to bring women into the highest levels of the company.

LEADERSHIP

Cummins offers training and mentoring programs to increase the pool of potential women leaders. The Cummins Executive and Leadership teams consist of senior leaders focusing on strategy and operations, respectively.

CUMMINS EXECUTIVE TEAM

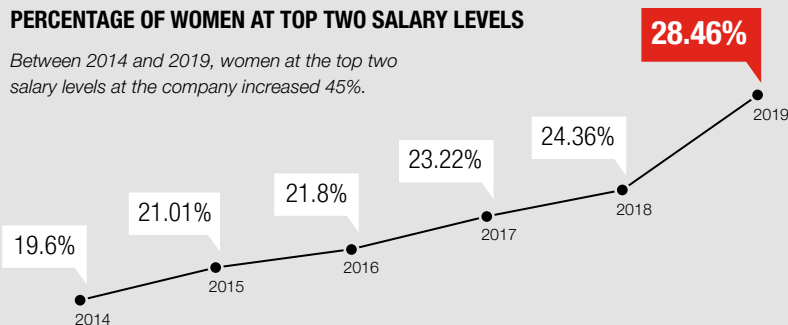


CUMMINS LEADERSHIP TEAM



PERCENTAGE OF WOMEN AT TOP TWO SALARY LEVELS

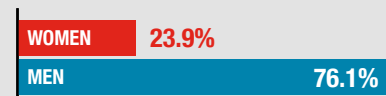
Between 2014 and 2019, women at the top two salary levels at the company increased 45%.



SUPERVISORS

The number of women supervisors of exempt employees, which includes salaried workers, is about the same as 2018 and up from 22% in 2014.

OVERALL BREAKDOWN



GLOBAL BREAKDOWN

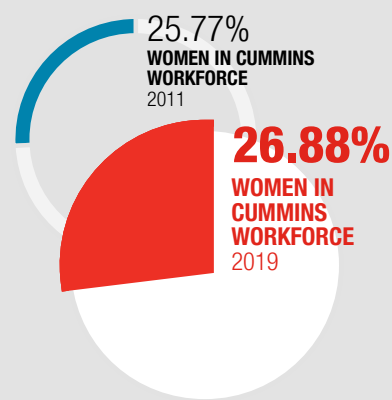
Percentage of women supervisors



WORKFORCE

The percentage of women overall at the company continues to make a slow but steady increase, up from 25.9% in 2014.

OVERALL BREAKDOWN



GLOBAL BREAKDOWN

Percentage of women in Cummins workforce



As part of Cummins' global commitment to diversity and inclusion, the company takes proactive measures to review talent management and accountability systems and processes to mitigate bias and ensure the equitable acquisition and advancement of all talent.

To ensure Cummins has an integrated, sustainable and global approach to diversity and inclusion, the company established the Global Diversity and Inclusion Strategy team in 2019. The team is developing a global diversity and inclusion strategy to realize this vision.

The strategy will include a global learning and development curriculum designed to increase awareness and enhance employee competency by encouraging employees to be conscious of their privilege, filters, bias and cultural preferences. The team is also moving forward on Cummins' U.S. Diversity Growth Initiative focused on Black and Latinx talent.

The company is also working to attract and retain more women globally and has put a special focus on people with disabilities through its Disability Inclusion Initiative. Cummins employees have

volunteered more than 11,000 hours toward disability inclusion community projects, and the company is examining the readiness of its own facilities and technology. Cummins is establishing partnerships to improve the hiring of people with disabilities.

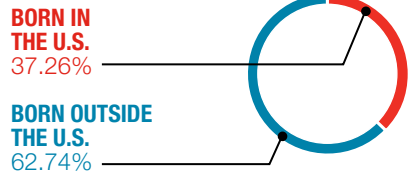
Late in 2019, Cummins Chairman and CEO Tom Linebarger encouraged employees to see diversity and inclusion as an opportunity for growth. He also talked about an important item before the company's leaders: updating Cummins' Business Case for Diversity. The Business Case for Diversity is Cummins' commitment to achieving a diverse and inclusive workforce.

“Our ability to attract talent of all types and engage and include them in solving our most complicated problems will determine our success as a company,” Linebarger said. “It’s just that simple. If we are able to do that better than the competition, we win.”

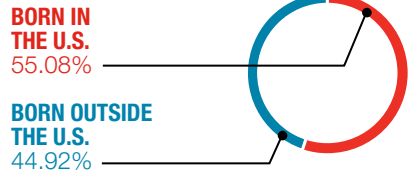
COUNTRY OF BIRTH

More Cummins employees were born outside the United States than inside the U.S. in 2019. Meanwhile, the gap between leaders born inside the United States and outside the U.S. continued to narrow.

ALL EMPLOYEES

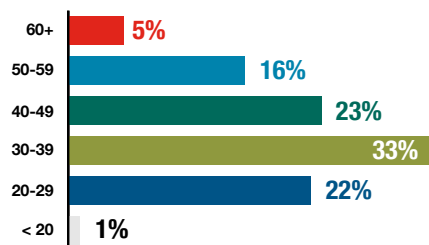


LEADERS



AGE

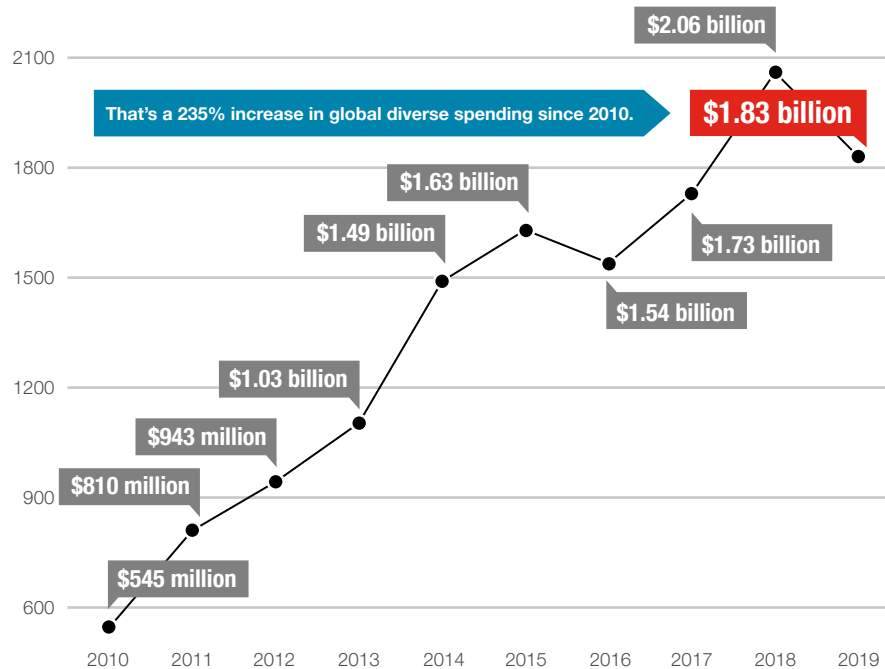
More than half of Cummins employees are 39 or less.



GLOBAL DIVERSITY PROCUREMENT

Cummins believes using diverse suppliers enables the company to tap into the power of diverse thoughts and approaches, increases competition for Cummins' business and spreads the many benefits of economic growth to a larger number of communities. Cummins is a member of the Billion Dollar Roundtable, a select group of companies consistently doing at least \$1 billion in annual business with diverse suppliers.

Cummins reached a new high in supplier diversity in 2018, surpassing \$2 billion in global spending with suppliers who self-identify as diverse in their region of the world. Spending dipped in 2019 as business slowed in several key markets, but remained well above \$1 billion.



EMPLOYEE RESOURCE GROUPS

With more than 100 employee resource groups worldwide, Cummins constantly seeks new ways to provide opportunities for leadership training, cross-cultural learning and professional development.

Established around the world, the groups are open to all employees and organized by different facets of diversity such as gender, age, disability, sexual orientation and gender identity, multicultural and military status.

In 2019, the company started a Global Inclusion Leadership Council to more closely knit together the array of global employee resource groups to amplify the voices they represent, and harness their collective power to effect positive change. Through this global council, each dimension of diversity has a global executive sponsor and chair to help groups work across regions.

KEY NUMBERS IN 2019

25%

Cummins employees who speak two or more languages

\$13 BILLION+

Global spending with suppliers who self-identify as diverse in their region since 2010, including a record \$2 billion in 2018.

40 Years Cummins has had a Supplier Diversity Program.

45%

Increase in women at Cummins in top two salary levels between 2014 and 2019.

A GREAT PLACE TO BUILD A CAREER

Cummins offers many opportunities to help employees master their jobs and look ahead to their next position at the company through a combination of great training and the constructive feedback necessary to advance.



Engine Business President Srikanth Padmanabhan visits with employees on the plant floor.

TRAINING

The Cummins Learning Center conducted more than 500,000 hours of online and in-person non-mandatory training, ranging from leadership and project management to Six Sigma and engineering. That doesn't include the training employees might get through their individual business segment or site, or mandatory safety and ethics training.

The company puts a major emphasis on leadership training to both prepare employees for advancement and to create a better work experience for all employees. A good boss and meaningful work can be critical ingredients to a good work experience for any employee.

FEEDBACK

Cummins provides the constructive feedback necessary to help employees advance using a web-based tool and regular, meaningful one-on-one conversations between employees and their supervisors.

COMPENSATION

Cummins provides competitive compensation packages to attract, motivate and retain employees. It is critical the company provide competitive and equitable compensation and benefits programs to all Cummins employees.

Market-based compensation data is constantly collected and analyzed within each country in which the company operates, ensuring the Cummins' rates remain competitive. Company employees participate in a variable compensation program. Additional benefits vary between locations and include options such as 401(k) Retirement Savings Plans; medical, dental and life insurance; flexible spending accounts; pension plans and employee stock purchase plans.

PARENTAL LEAVE

Cummins introduced a new U.S. parental leave policy in 2018. In general, the policy provides eligible employees up to 12 weeks of fully paid leave to primary caregivers and up to six weeks of fully paid leave to secondary caregivers following the birth, adoption or placement of a foster child/children.

This is in addition to disability leave, which is intended to provide a medical recovery period for women following the birth of a child. Cummins recognizes that bringing a new child into the family can be both wonderful and challenging. Cummins is focused on supporting employees during this very important time.

TO LEARN MORE

To learn more about working at Cummins, check out the company's [Careers page](#) on cummins.com, where you can get more information on development programs, onboarding, benefits and interview tips.

LIVING WAGE

Using data provided by BSR (Business for Social Responsibility), Cummins is looking at living wages and benefits around the world.

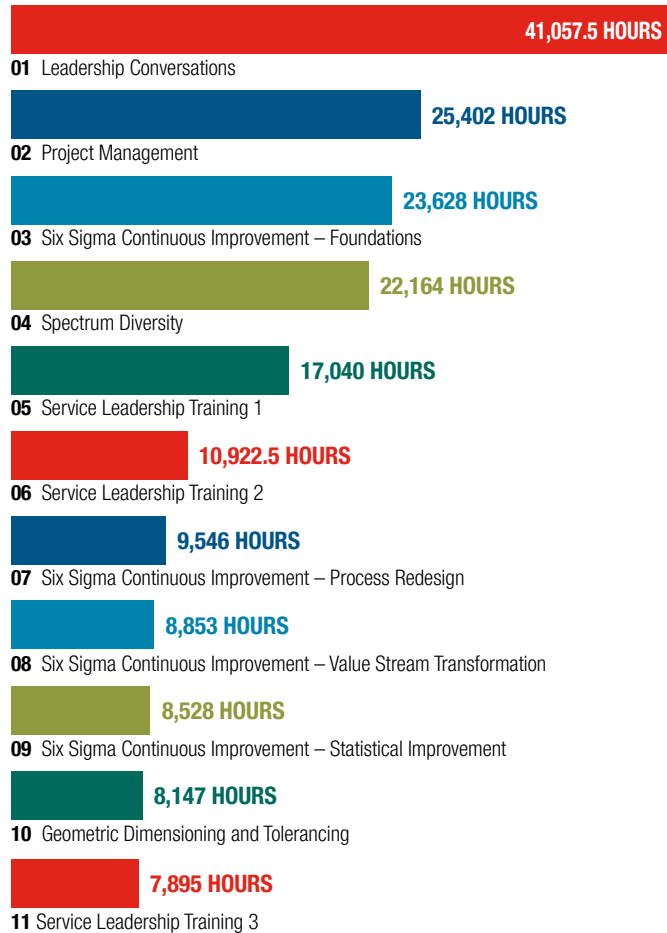
In 2019, the company established a minimum wage for its U.S. employees of at least \$15 per hour, although most positions at Cummins pay above this level.

The company is reviewing compensation at other sites to ensure it is offering living wage rates around the world.

WORKFORCE //

TRAINING AND DEVELOPMENT

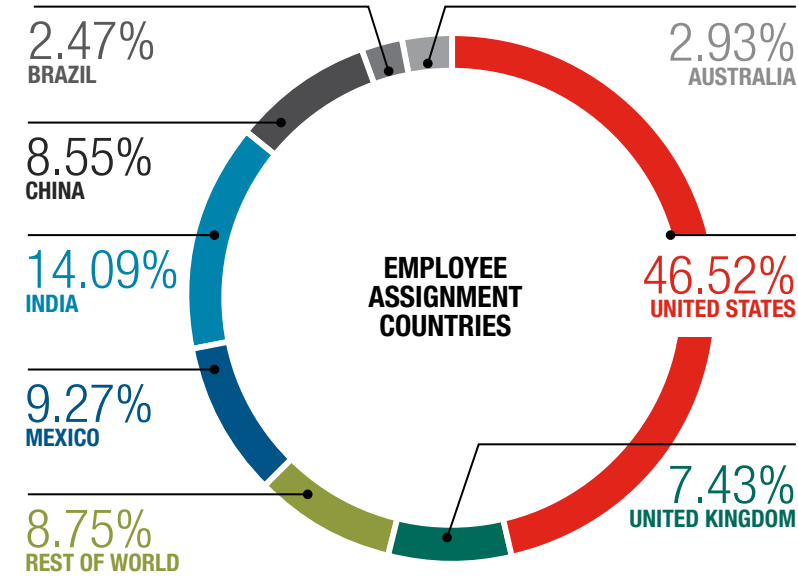
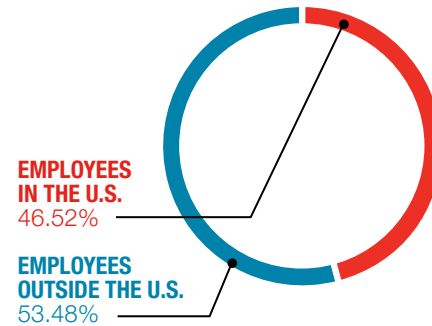
Employees in 2019 engaged in almost 550,000 hours of non-mandatory training through the Cummins Learning Center. Here's a look at the top classes and the estimated time employees invested.



*Time based on estimated time to complete a course

ASSIGNMENT COUNTRIES

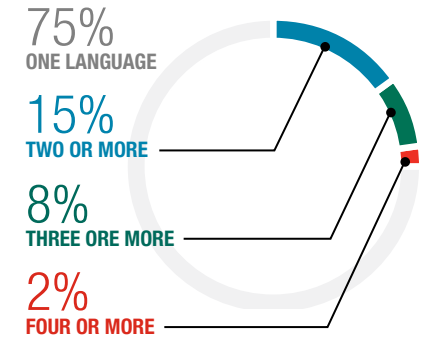
Cummins has employees in more than 50 countries around the world. Here's a look:



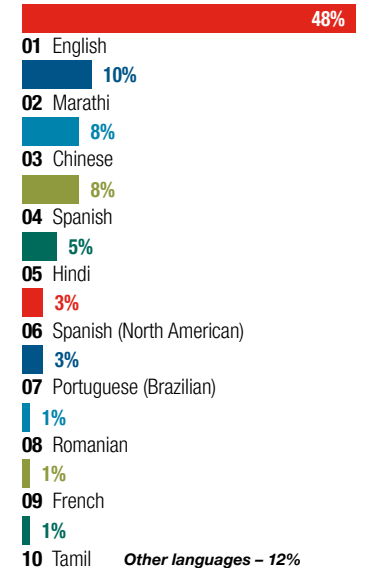
LANGUAGES SPOKEN

More than 20% of Cummins employees are proficient at more than one language. Here's a look:

NUMBER OF LANGUAGES

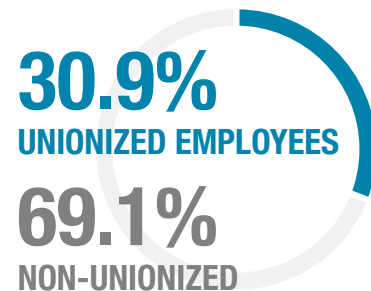


TOP 10 LANGUAGES*



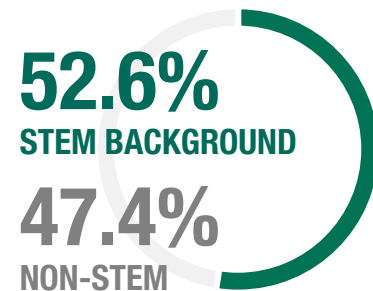
EMPLOYEE REPRESENTATION

About a third of the Cummins workforce is represented by unions under collective bargaining agreements expiring between 2019 and 2023.



STEM INFLUENCE

The majority of Cummins employees in the U.S. exempt from minimum wage and overtime provisions (primarily non-union) have a background in science, technology, engineering and math:



VOLUNTARY ATTRITION

EXEMPT



NON-EXEMPT



OVERALL




GOVERNANCE / ECONOMIC

Cummins believes governance and economic performance are fundamental to sustainability. Without both, it's difficult for a company to succeed over the long term.

WHAT'S INSIDE:

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Steven Ploog (left) and Nathan Stuart (right) re-powered classic Land Cruisers for a low-carbon spin through Central America in 2019. The California (U.S.)-based Clean Cruisers used R2.8 Cummins Turbo Diesel crate engines running on biodiesel to demonstrate adventuring can be done in an environmentally sensitive way. They also planted trees to offset their carbon impact.

GOOD GOVERNANCE PROVIDES IMPORTANT OVERSIGHT

The Cummins Board of Directors provides vision, strength and stability through sound and independent judgment on significant issues affecting the company.

The 11-member board includes the company's Chief Executive Officer and 10 independent directors, consistent with the definition established by the U.S. Securities and Exchange Commission and the New York Stock Exchange. Board Member Rich Freeland, formerly President and Chief Operating Officer at Cummins, retired from the company and the board in 2019.

Through its ongoing guidance, the Board of Directors protect the interests of shareholders. It believes those interests are best served by combining the roles of chairman and CEO with a strong and independent lead director. The lead director has many critical duties, including conferring with the chairman

on, and approving board agendas, as well as serving as the chairman of the Governance & Nominating Committee.

Cummins is fortunate to have former U.S. Secretary of Labor Alexis M. Herman serving in this important position.

The Board of Directors provide robust oversight through five fully independent committees: Audit, Compensation, Governance & Nominating; Finance; and Safety, Environment & Technology. Each director has a background particularly relevant to the company's operations and they frequently visit Cummins' locations without the CEO present to talk directly with managers and employees.

Individual directors have visited 13 different company locations in Australia, China, India and the United States in just the past two years. All the directors attended at least 75% of the board's meetings in 2019.

The Board of Directors has worked hard to bring fresh viewpoints to its work. In just the past five years, four new directors were added to the board and there have been nine new directors since 2009. The board also pursues new ideas and approaches through its goal of having rotating committee assignments every three to five years.

Regular conversations with shareholders is another key goal for the board. The CEO and at least one board member meet routinely with shareholders to discuss topics including company growth, strategy, and performance on environmental, social and governance (ESG) matters. In 2019, they reached shareholders holding about 30% of the company's outstanding shares.

INDEPENDENCE AND DIVERSITY

Cummins believes that directors with different backgrounds and experiences makes the board and the company stronger. Here's a brief look:

DIVERSITY



INDEPENDENCE



The Board of Directors believe strongly in accountability. Shareholders have the right to call special meetings if they meet a voting power threshold of 10%. They also have the right to unilaterally amend company by-laws upon a majority vote.

More information on the Board of Directors and governance as well as executive compensation can be found in the **2020 Proxy**. The board also plays an important role in risk management. See the story on [page 52](#) to learn more.

RESPONSIBILITIES OF LEAD DIRECTOR

SERVING as Chairman of the Governance & Nominating Committee.

CONFERRING with the Chairman of the Board on, and approving, board meeting agendas and meeting schedules to assure there is sufficient time for discussion of all agenda items.

CALLING AND PRESIDING over all meetings of the board at which the Chairman is not present, including executive sessions of independent directors and communicates feedback on executive sessions to the Chairman.

LEADING the annual performance reviews of the Chief Executive Officer and the board.

ENSURING that there is open communication between the independent directors and the Chairman as well as other management members.

BEING AVAILABLE when deemed appropriate by the board for consultation and direct communication with shareholders.

REVIEWING at his or her discretion, information to be sent to the board.

CONFERRING with the Chairman on other issues of corporate importance, as appropriate.

CUMMINS BOARD MEMBERS



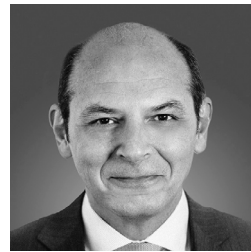
ROBERT J. BERNHARD

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



DR. FRANKLIN R. CHANG DIAZ

Chairman and Chief Executive Officer of Ad Astra Rocket Company, a U.S. spaceflight engineering company based in Houston, Texas. He joined the board in 2009.



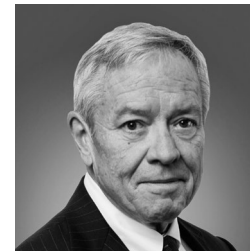
BRUNO V. DI LEO

Retired Senior Vice President, IBM Corporation, a global technology and consulting company. Currently Managing Director of Bearing-North, LLC, an independent advisory firm. He joined the board in 2015.



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.



ROBERT K. HERDMAN

Managing Director of Kalorama Partners, LLC, a Washington, D.C.-based consulting firm. He joined the board in 2008.



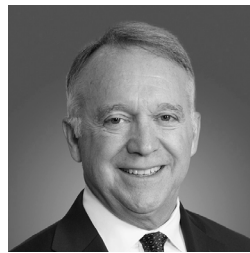
ALEXIS M. HERMAN

Chairman and Chief Executive Officer of New Ventures, LLC, a corporate consulting company. She joined the board in 2001 and currently serves as Lead Director.



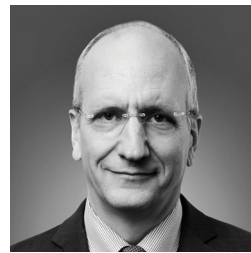
N. THOMAS LINEBARGER

Chairman and Chief Executive Officer, Cummins Inc. He joined the board in 2009.



THOMAS J. LYNCH

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



WILLIAM I. MILLER

President of the New York-based Wallace Foundation, a national philanthropy focused on education for disadvantaged children and the arts. He joined the board in 1989.



GEORGIA R. NELSON

Retired President and Chief Executive Officer of PTI Resources, LLC, an independent consulting firm. She joined the board in 2004.



KAREN H. QUINTOS

Retired Chief Customer Officer of Dell Technologies Inc., a global supplier of personal computers and other computer hardware items. She joined the board in 2017.

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](#) on cummins.com.

BOARD

- » Size: **11 members**
- » Independent Directors: **10**
- » Mandatory Retirement Age: **74 years old**
- » Annual Election of Directors: **Yes**

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**

SUSTAINABILITY STARTS WITH ETHICS AND COMPLIANCE

Cummins believes the sustainability of any company is built on a foundation of ethical behavior. Ethics have been an important part of company culture at Cummins from its founding in 1919, to its 100th anniversary in 2019 and on to today.

The Ethics and Compliance function will play a key role in ensuring that culture continues at Cummins for the next 100 years.

Company employees worldwide are required to comply with Cummins' Code of Business Conduct, built around 10 fundamental principles (see right). The Ethics and Compliance team reinforces these principles through several online training courses, ranging from anti-bribery to conflicts of interest and fair competition.

Cummins also conducts an annual Ethics Certification campaign, asking employees, including members of the company's Board of Directors, to state they are following all key compliance policies. As of March 2020, 33,186 employees had completed the 2019 certification process. The Ethics and Compliance team reviews any exceptions and works with Cummins' Human Resources function to document and investigate those exceptions.

The Ethics and Compliance team promotes a "speak up" culture where employees play an active role in

promoting and protecting the Code of Conduct. Cummins has a strict non-retaliation policy protecting employees who make reports of possible code violations in good faith.

In 2019, a key focus for the team was addressing the findings of a 2018 survey it conducted with the Ethisphere Institute to gauge employee perceptions about ethics at Cummins. More than 16,000 employees participated in the survey, which found while there was broad recognition of the importance the company places on ethical behavior, employees' willingness to report

concerns and their knowledge of the code varied depending on their geographic location and role with the company.

The Ethics and Compliance team has been working to improve communications on ethics, especially in those areas of concern raised by the survey. Among the steps taken has been the development of a tool kit to help managers talk about ethics and the importance of high ethical standards. Managers play a critical role not just in communications, but in reinforcing policies and setting agendas.

The Ethics and Compliance function also formed a cross-functional team in 2019 to identify and designate select corporate policies as Cummins Core Policies (CCPs). CCPs are existing key global policies that apply to all employees and are closely tied with the Code of Conduct and Mission, Vision and Values. These policies were revised to improve clarity, readability and understanding, and are more easily accessible to employees on the website.

Examples of CCPs include: Anti-Bribery and Prohibited Payments Policy, Treatment of Each Other at Work Policy, Conflicts of Interest Policy and Workplace Violence Prevention Policy.

CODE OF CONDUCT PRINCIPLES

Here are the 10 major principles behind Cummins' [Code of Business Conduct](#):

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

CUMMINS BUILDS ON HUMAN RIGHTS POLICY

Cummins continued to build on the **Human Rights Policy** adopted in 2017, implementing company-wide training on the policy in 2019, and working to fully integrate the new policy into company functions with the greatest potential to see violations such as child labor and human trafficking.

The policy, which applies to the company and its suppliers, prohibits numerous forms of compulsory labor as well as child labor. Many of its provisions were included in Cummins' Code of Business Conduct and the company's **Supplier Code of Conduct**, but Cummins leaders wanted to make it abundantly clear where the company stands on these important issues.

Ethics and Compliance leaders hope the employee training will raise awareness about potential policy issues. An assessment when the policy was put

together found any policy violations were most likely to be seen deep in the company's supply chain, perhaps involving the raw material that goes into the steel or other metals the company uses. Outside vendors providing services ranging from catering to cleaning have also been identified as a potential area to watch.

The Ethics and Compliance team is working with the company's supply chain function to integrate the policy in the Eyes Open Audits conducted primarily by purchasing personnel during supplier visits. These audits ask employees

to look for worker health and safety concerns, worker treatment issues and the handling of hazardous and combustible materials, in addition to contract compliance issues.

The Eyes Open Audits have devoted more attention to the issues of child and forced labor to ensure alignment with requirements in the company's Supplier Code of Conduct. The Human Rights Policy offers greater detail on compliance requirements. Select employees have completed mandatory online training on the topic.

ABOUT THE POLICY

Here's a quick look at Cummins' Human Rights Policy:

ADOPTION: Completed in December 2017 after a nearly year long review, the policy was officially posted in January 2018.

CONTENTS: The policy specifically precludes human trafficking and exploitation, and forced labor, child labor, bonded labor and prison labor, and supports foreign and migrant worker rights.

IMPACT: The policy applies to Cummins entities in which the company has a controlling ownership interest or management responsibilities, including subsidiaries and joint ventures.

INSPIRATION: The policy was guided by the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the U.N.'s Guiding Principles on Business and Human Rights.

SUPPLIERS: Cummins 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 violations of human rights.

HUMAN RIGHTS REPORTING

Ethics and Compliance has also been working to complete reporting on human rights required by the United Kingdom. Companies doing business in the country must assess suppliers on the risk they present from a human rights perspective.

Those deemed at highest risk must then be subject to increased levels of review and oversight, including signing that they comply with Cummins codes of conduct. Australia and France have passed similar legislation. You can see the company's reporting at the [Transparency in Supply Chains](#) page on [cummins.com](#).

COMPLIANCE TRAINING

Thousands of employees complete mandatory ethics training every year at Cummins through the Cummins Learning Center. The company is changing its reporting this year to look more narrowly at annual participation. Training is frequently updated, assigned based on its relevance to particular jobs and delivered on a cyclical basis. So, in a single year, training in one topic area may be larger or smaller.

TRAINING	2019 ENROLLMENT
Anti-Bribery	3,816
Antitrust and Fair Competition	568
Careful Communications at Work	3,185
Code of Business Conduct	6,658
Conflicts of Interest*	29,437
Data Privacy	5,395
Doing Business Ethically	3,396
Export Compliance	358
Fair Labor Standards Act	26
Preventing Money Laundering*	1,971
Protecting Human Rights in the Supply Chain*	1,938
Treatment of Each Other at Work	6,569

* Denotes updated trainings launched in 2019.

MAINTAINING THE CODE

Training and guidance are not enough to ensure compliance. Cummins relies on its employees to speak up if they witness behavior that potentially violates the Business Code of Conduct. Employees may report a potential violation through a secure website or a toll-free telephone number. Where legally permissible, employees can report anonymously if they wish.

Once a potential violation is reported, Cummins has a global team of Master Investigators stationed around the world, who investigate alleged Code of Conduct violations. In 2019, 2,436 cases were investigated, 47% of those cases were substantiated and 41% of the substantiated cases led to terminations.

	2016	2017	2018	2019
Total cases	1,772	1,904	2,215	2,436
Cases outside U.S.	48.5%	49.7%	51.5%	47%
Cases in the U.S.	51.5%	50.3%	48.5%	53%
Anonymous reports	33%	32%	35%	37%
Cases substantiated	43%	38%	35%	47%
Terminations*	37%	38%	40%	41%
Average days to close	13	16	19	22

* Substantiated cases are now calculated on cases only investigated through the Ethics Investigation Process.

** The termination rate is now calculated on substantiated cases and cases only investigated through the Ethics Investigation Process.

*** The average days to close formula updated to accurately account for missing dates in the data.



CUMMINS SUPPLIER CODE OF CONDUCT

The Cummins **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 and conserve natural resources.
- 07 Assist Cummins in enforcing the code.

Cummins requires a verification response from suppliers that they are following the code before they are added to the company's supplier database. Cummins may visit facilities, review documentation and conduct audits, if necessary, to ensure compliance.

MANAGING RISK EFFECTIVELY

Cummins believes strongly that the most sustainable companies manage risk well.

The Enterprise Risk Management team at Cummins works with the company's top leaders to establish a culture where key risks are identified and responded to appropriately, with guidance and oversight from the company's Board of Directors.

This starts with the Enterprise Risk Council, made up of Cummins' Chief Operating Officer, Chief Financial Officer, General Counsel, Vice President – Corporate Strategy and Chief Administrative Officer. They meet quarterly with the leader of the Risk Management function to review and update material risks to the company and their mitigation plans.

The most significant risks are each assigned to a member of the Cummins Leadership Team, who are responsible for managing the risk. Those leaders make periodic reports to the relevant committees of the company's Board

of Directors. The board and its committees provide robust oversight of the company's Enterprise Risk Management program, dedicating time to this responsibility at every regular board meeting.

For example, in 2019, the board engaged outside experts to provide education on cyber security risks in the industry and to complete a review of Cummins' Enterprise Cyber Security program. The company provides periodic updates to the board on its progress in mitigating this important risk.

Cummins, meanwhile, continues work on improving the Business Continuity Plans at its sites to ensure facilities and functions are prepared if something happens to the site or a key aspect of its supply chain. The Global Security team manages the plans, which is a key part of the company's transition to holistic emergency management.

The company performs tabletop exercises at its key sites to ensure they are ready if an emergency takes place, and their Business Continuity Plans are properly focused. The company believes this multifaceted approach, cascaded down to every location, is critical to effective risk and emergency management.

A list of potential risks that could impact Cummins' business performance is available on page 17 of the [2019 Annual Report on Form 10-K](#). The report is the definitive source for financial information about the company.

Risk management is also covered extensively in the [2020 Proxy](#), including on page 12 of the document.

CYBER SECURITY AND DATA PRIVACY

Cummins takes cyber security and data privacy extremely seriously, whether it involves the company's own intellectual property, employee information or the data of Cummins' customers, suppliers, distributors, shareholders, job applicants or visitors to the company's website.

The Ethics and Compliance function leads a cross functional team that implements the company's Data Privacy program. The team includes members from Legal, Information Technology, Human Resources and other groups. Outside consultants have reviewed the program and Cummins has prepared detailed plans to improve compliance. In 2020, a cross-functional team of leaders is taking on oversight of the program.

All Cummins personnel, including temporary employees, contractors or anyone handling personal data on the company's behalf are required to follow the data protection requirements contained in Cummins' policies and procedures. The company does not sell or share personal information provided to Cummins with third parties for their own use. The company retains personal information based on legal and business needs, then securely destroys it.

Data protection is part of Cummins' Code of Business Conduct and Supplier Code of Conduct. Mandatory training is part of the company's compliance training. Cummins' [privacy policy](#), and its E.U. – U.S. Privacy Shield Website Privacy Statement, are linked to at multiple locations across the company's external website, including for the company's Connected Solutions program, which uses telematics to improve the performance of customers' engines, and Cummins' Careers web page.

PROMOTING THE POWER OF CHOICE

The Cummins Government Relations team works around the world to support the company's sustainability initiatives and its mission of making people's lives better by powering a more prosperous world.

In 2019, the future of energy continued to evolve, and the team worked to advocate for the adoption of "technology neutral" environmental standards and air quality goals globally.

On Capitol Hill, both Tony Satterthwaite, the leader of the Distribution segment then and now company President and Chief Operating Officer, and Wayne Eckerle, Vice President of Global Research and Technology, testified in front of two separate Congressional committees on the future of heavy duty transportation. They said improving existing technologies and investing in new ones would be the best way to address climate change and improve air quality.

THE PATH FORWARD

Cummins believes in tough, clear and enforceable regulations. It offers customers a diverse set of power platforms, so they can choose what's best for their particular circumstances. Given the advances in clean diesel and the infrastructure needs for electrification, fuel cells and other new technologies, it doesn't make sense to preclude any option now.

In China and India, the Government Relations teams engaged with policymakers to ensure oxides of nitrogen (NOx) and particulate matter (PM) standards for conventional technologies are fully implemented and enforced, establishing the rules of the road for new technologies.

These engagements, along with additional advocacy by the team, is how Cummins is using its voice and its technology leadership to inform governments about the policies that will lead to a more sustainable future.

With Cummins' New Power business segment encompassing hydrogen generation, fuel cell technology and battery electric powertrains, Government Relations, along with senior leadership, became actively engaged in the Hydrogen Council executive committee.

This international council has provided a platform for the company to collaborate with experts and companies with a similar vision of the future, and to continue promoting the innovative technologies Cummins has to offer.

The company's work with the Hydrogen Council educates elected officials in Europe, Asia and the U.S. about the importance of government investment in research and infrastructure to accelerate adoption and ensure technologies reach their potential for customers.

TRADE IS KEY

In addition to the work with the New Power segment, the Government Relations team continued to advocate for free trade agreements that support Cummins' global supplier network.

The focus for much of 2019 was on the United States-Canada-Mexico Agreement (USMCA). The team worked to ensure the agreement would allow the company to continue as a leader in North American manufacturing while enforcing key environmental standards to keep all three partners accountable for trade's environmental impact.

LOBBYING

Cummins belongs to a number of trade organizations. While the company may not agree with these associations on every matter, Cummins believes they help ensure government leaders know where the company stands on key issues.

Here's a list of U.S. trade organizations paid dues in excess of \$50,000 during calendar year 2019, as well as the U.S. Chamber of Commerce, which fell below the \$50,000 threshold. Listed with each group is an estimate of the portion of dues used for lobbying or other political expenditures.

TRADE ORGANIZATION	LOBBYING ESTIMATE	KEY CUMMINS ISSUES
National Association of Manufacturers	\$32,804.00	<i>Immigration, trade, manufacturing</i>
Business Roundtable	\$120,000.00	<i>Trade, taxes</i>
Engine Manufacturers Association	\$4,848.56	<i>Truck and engine manufacturing</i>
U.S. Chamber of Commerce	\$10,000.00	<i>Immigration, taxes</i>
American Trucking Association	\$13,696.80	<i>Trade, environment</i>
TOTAL	\$181,349.36	

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](#).

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 2019.

INNOVATION TO POWER THE WORLD

Clessie Cummins' improvements to the diesel engine were just the first examples of innovation at the company that bears his name.

Since Cummins' founding in 1919, the company has been the leader in diesel innovation, adding natural gas, electrification, and now exploring hydrogen and other technologies to add to its broad portfolio of power solutions.

Cummins invested for the first time over \$1 billion in research, development and engineering expenses in 2019, and renamed its Electrified Power segment New Power to reflect a broader mission.

The year was filled with firsts. New Power unveiled in 2019 a hydrogen-powered demonstration truck to explore that technology. Working in partnership with bus manufacturer GILLIG, New Power also introduced Cummins' first electrified power platform for buses for the transportation system in Santa Monica, California (U.S.).

Cummins Power Systems launched the HSK78G natural gas generator series in 2019 for various applications to provide reliable and efficient power, while reducing operating costs. The L9N Near Zero emissions natural gas engine developed by Cummins' Engine segment helped power the public transit system in Santiago, Chile, the first application for that engine outside the U.S.

The company also completed in 2019 its acquisition of fuel cell and hydrogen technologies provider Hydrogenics. Cummins began developing its fuel cell capabilities 20 years ago. The acquisition of Hydrogenics will enable the company to offer a full, differentiated hydrogen solution, from start to finish, seamlessly integrated for Cummins customers.

The company didn't simply innovate in what it made but in how it made products. Cummins, for example, produced its first low-volume part using 3D printing for the company's New and ReCon Parts function in 2019.

Cummins also invested in newer 3D printer technology, which will allow the company to print parts that are lighter, stronger and more effective than parts created using traditional methods that employ molds, molten metal and equipment to cut and shape parts.

Innovators lead, and Cummins continued leading the way in diesel technology in 2019, launching its 2020 X15 Efficiency Series engine for heavy duty trucks about a year prior to regulatory requirements. The new X15 offers improved fuel economy and further reduces greenhouse gas emissions.

As Cummins looks to its next 100 years, innovation will be critical, whether its improving the company's diesel engines, bringing new low-carbon technologies to the marketplace or working in new ways to use less of the world's resources.



Big Blue Bus in Santa Monica, California, unveiled its first-ever electric bus in 2019, a GILLIG battery electric bus powered by Cummins' first-ever electrified powertrain.

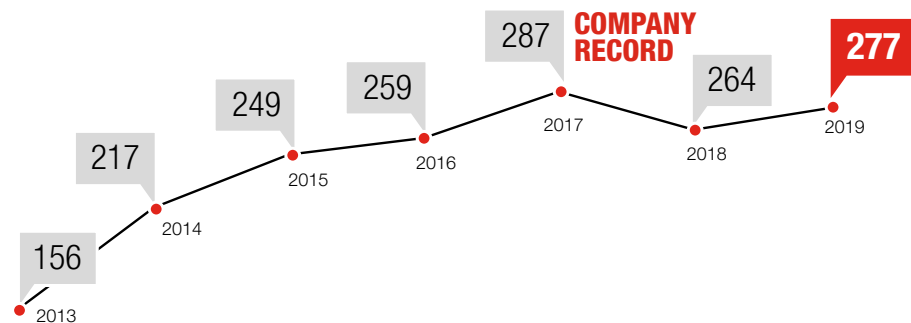
RESEARCH AND DEVELOPMENT

Cummins for the first time topped \$1 billion in spending on research, development and engineering expenses in 2019 as the company explored advances in fuel cells, electrification, and diesel and natural gas platforms.

2014	\$754 MILLION
2015	\$735 MILLION
2016	\$637 MILLION
2017	\$754 MILLION
2018	\$902 MILLION
2019	\$1.001 BILLION

CREATIVE THINKERS

Cummins' technical staff received more than 250 global patents for a fourth straight year in 2019. The 277 patents in 2019 are second only to the record 287 patents set in 2017.



KEY NUMBERS IN 2019

3.5%

Fuel economy improvements from engine hardware enhancements that provide better air handling and lower friction in the 2020 X15 Efficiency Series diesel engine.

200+ YEARS

Combined years of experience between Cummins and partner GILLIG that went into the first-ever GILLIG battery electric bus.

250

High end of the mileage range between fill-ups for a demonstration hydrogen fuel cell truck unveiled by Cummins in 2019.

2.0MW

Power density of the HSK78G natural gas generator series from a 78L engine, delivering a high electrical efficiency up to 44.2% on a wide range of pipeline natural gas.

EXPANDING CUMMINS' KNOWLEDGE

Cummins continued to expand its knowledge base in part through highly targeted acquisitions.

In 2019, the company completed its acquisition of fuel cell and hydrogen technologies provider Hydrogenics Corporation, based in Mississauga, Canada. With roots spanning 70 years, Hydrogenics is the worldwide leader in designing, manufacturing, building and installing industrial and commercial hydrogen generation, hydrogen fuel cells and large-scale energy storage solutions.

It was the latest in a series of acquisitions by Cummins. In 2018, the company acquired Silicon Valley-based Efficient Drivetrains, Inc. of Milpitas, California. It designs and produces hybrid and fully-electric power solutions. The company in 2017 acquired Brammo Inc. based in Talent, Oregon. It designs and develops battery packs for mobile and stationary applications.

Cummins' fuel cell and hydrogen technologies business, formerly known as Hydrogenics, was selected as a key partner by French railway manufacturer Alstom to develop and implement hydrogen fuel cell systems for Alstom's iLint, the world's first hydrogen fuel cell train. (Photo copyright Alstom/Rene Frampe).



PARTNERING FOR PROGRESS



Cummins believes in partnering with others to achieve innovation in its products. Here's a look at nine public-private partnerships the company is working on. The sponsoring or co-funding agency is the Department of Energy (DOE) unless noted.

PROJECT NAME	PARTNERS	TECHNOLOGY	OBJECTIVE
ACE <i>Advanced Combat Engine - Defense Department</i>	Achates Power	Opposed piston, two stroke engine technology for low heat rejection and high-power density/efficiency	Demonstrate key technology attributes and develop manufacturing technology for future combat vehicles and defense applications
ST2 <i>SuperTruck II</i>	Peterbilt, Eaton	Advanced engine, drivetrain, and vehicle technologies for Class 8 line-haul trucks	Fifty-five percent engine Brake Thermal Efficiency (BTE). Strong focus on commercial viability. Greater than 125% freight efficiency improvement versus 2009 product.
ETREE <i>Electric Truck with Range Extender Engine</i>	Paccar, Argonne National Laboratory, National Renewable Energy Laboratory (NREL), Ohio State University (OSU)	Class 6 electric truck with diesel range extender engine	Greater than 50% petroleum reduction for 85% of Class 6 pickup and delivery applications
NEXTCAR <i>Connected and Automated Vehicle Technologies</i>	Purdue, Peloton, Peterbilt, NREL, ZF Group	Multiple controls concepts capitalizing on information and connectivity technologies to save fuel	Class 8 truck fuel savings exceeding 20% with technology costing less than \$3,000 per truck
CERC-TRUCK <i>U.S.-China Clean Energy Research Center</i>	Argonne, Oak Ridge National Laboratory, Purdue, OSU, University of Michigan, Freightliner Custom Chassis Corp.	Medium duty electric truck with spark-ignited range extender and other high efficiency vehicle technologies	Cost-effective achievement of greater than 50% freight efficiency improvement versus today's medium- and heavy-duty vehicles
SOFC <i>Solid Oxide Fuel Cell</i>	Ceres, Pacific Northwest National Laboratory (PNNL), University of Connecticut	Solid oxide fuel cell technologies for high efficiency and reliability distributed energy generation	Demonstrate 60% electrical efficiency for the off-grid data center market, using natural gas fuel
WXFC <i>Wireless eXtreme Fast Charging for Class 8 BEV</i>	WAVE - Wireless Advanced Vehicle Electrification, Schneider Electric, Utah State University, Total Transportation Services, Inc.	Wireless high-power extreme fast charging development and deployment for electric drayage trucks	Develop and demonstrate 500kW wireless inductive charger with Cummins powered battery electric Class 8 drayage tractor
APADASCIA <i>Advanced Platooning, ADAS, and Controls Integration</i>	Michelin, NREL, Clemson University	Integration of automated driver and platooning control features with tire sensing connectivity and other key data inputs	Assess real-world fuel savings potential and actively address barriers to widespread market acceptance of platooning
HDNG <i>Heavy Duty Class 8 Ultra-Low NOx Natural Gas Engine</i>	Funded by DOE, South Coast Air Quality Management District, California (U.S.) Energy Commission; Administered by NREL	Innovative combustion design with optimized in-cylinder charge motion and emission control on a global platform	Ten percent better cycle and peak BTE with 0.02 g/bhp-hr NOx, reduced aftertreatment cost, and diesel-competitive torque curve

SUPPLY CHAIN TRANSFORMS SUSTAINABLY



Cummins' global supply chain is critical to the company's sustainability, producing clean, efficient and dependable products that use fewer of the world's resources.



9 INDUSTRY INNOVATION AND INFRASTRUCTURE

The company is embracing what some call the fourth Industrial Revolution, new technologies to create cleaner, more efficient and safer workplaces, operating in a way that protects and preserves human rights.

With over 90 manufacturing locations in more than a dozen countries, including Brazil, China, India, Mexico, the United States and the United Kingdom, Cummins is well aware that its supply chain touches many lives.

EMBRACING THE FUTURE

Cummins for several years has been in the midst of a supply chain transformation, becoming more integrated and efficient so the company can thrive in the future. The transformation is broad based, including manufacturing, procurement, quality, health and safety, and more.

Lee Brandsasse, a member of the Manufacturing Engineering Development Center's extended team, measures a part using a laser-scanning arm.

A key aspect is the welcoming of this new approach to manufacturing, which has also been called Industry 4.0. It brings together digital, physical and biological systems to work smarter, safer, cleaner and more efficiently, allowing humans to focus on the most important tasks.

Cummins has been introducing tools in its plants such as collaborative robots, or "cobots," for several years, taking over repetitive and awkward tasks to make manufacturing safer and more efficient.

The company is also working to integrate high-speed 3D printing into its manufacturing technology, selling its first 3D printed metal part in the company's New and ReCon Parts function in the first quarter of 2019.

Cummins invested in new, high precision binder jet 3D printing technology a month later.

A GLIMPSE AHEAD

Linking new technologies via the Internet may hold the biggest potential change for manufacturing. The Beijing Foton Cummins Engine Company (BFCEC) in Beijing, China, is so wired with high-tech tools it can almost identify defects in certain tasks and potential bottlenecks before they happen.

The joint venture has seen significant improvements in quality and other important metrics. The plant was named in January 2020 to the World Economic Forum's Global Lighthouse Network, an elite list of leaders in applying the technologies of Industry 4.0 to manufacturing.

These technologies are studied every day at Cummins' Manufacturing Engineering Development Center in Columbus, Indiana (U.S.). The center is reviewing robotic arms and other tools with sensors, cameras and even microphones that can be linked to the Internet to improve efficiency or detect problems.

The center provides Cummins with a consistent and uniform way to test these ideas for use in the company's plants.



SUPPLY CHAINS DO MORE TO USE LESS

Cummins' supply chain has played a critical role in meeting the company's 2020 environmental goals, and will play a key role in meeting the 2030 goals included in Cummins' PLANET 2050 environmental strategy.

As a participant in the U.S. Department of Energy's Better Buildings, Better Plants Challenge, Cummins' Jamestown Engine Plant in Jamestown, New York, (U.S.) has taken numerous steps to save energy, from installing LED lighting and upgrading heating and air conditioning to the solar array on its roof.

The company's efforts to reduce its environmental impact in many ways started at Cummins' manufacturing plants, which have implemented numerous initiatives to reduce the water and energy the company uses and the waste it disposes.

In ways ranging from the simple to complex, the company has avoided the use of about 1 billion gallons of water since 2010, most through the company's manufacturing sites. Now, at sites such as the Rocky Mount Engine Plant in North Carolina (U.S.), Cummins is implementing state-of-the-art water treatment systems that will allow the vast majority of water used on site to be reclaimed and reused.

Cummins has reduced energy intensity, energy used adjusted by hours worked, more than 30% under the company's 2020 environmental goals. Much of that also can be linked to the company's manufacturing sites, which have taken

steps such as improving lighting and heating and air conditioning with newer, more efficient systems.

Cummins has also been steadily adding regenerative dynamometers, also known as regen dynos, that are capable of capturing the energy used by an engine in a test cell and converting it into electricity to help power the plant. The Cummins Technical Center, for example, gets about 23% of its energy from regen dynos.

More than 1,000 employees across the globe serve as Environmental Champions, trained to look for inefficient practices or equipment that can be replaced. The company believes the champions know their plants best and are most qualified to look for improvements.

Finally, the company recycles more than 90% of the material it touches, with the largest volumes taking place at the company's manufacturing facilities.

Company personnel frequently share best practices with suppliers, who must state they comply with Cummins' Supplier Code of Conduct principle No. 6, which says they will "protect the environment and preserve natural resources."

KEY NUMBERS IN 2019

ONE BILLION

Gallons of water use avoided since 2010 through Cummins' water conservation efforts.

31%

Energy intensity reduction achieved in 2019 as part of Cummins' 2020 environmental goals.

1000+

Cummins employees trained as Environmental Champions to look for waste, water and energy inefficiencies in company facilities.

SUPPLY CHAIN WORKS TO PRESERVE HUMAN RIGHTS

Cummins has long insisted its suppliers uphold human rights and support the company's opposition to any kind of compulsory labor or any form of human trafficking.

That position was redoubled in December 2017 when the company finalized its Human Rights Policy after a nearly year-long review. The policy specifically addresses:

- » Human trafficking and exploitation.
- » Forced labor, child labor, bonded labor, prison labor and military labor.
- » Foreign and migrant worker rights.

The policy states in addition to its own operations, Cummins will take steps to “ensure our suppliers and partners that are located in high-risk locations and/or that may be more exposed to human trafficking risk due to the nature of the industry in which they operate adopt relevant measures to mitigate such risks.”

In many ways, the policy was merely an extension of the language long included in the company's Supplier Code of Conduct, which also states Cummins' opposition to compulsory labor and human trafficking.

“We insist that our suppliers uphold these principles and we are committed to working with all suppliers and other partners as they undertake similar assessments of their own business,” the code states.

In 2018, when Cummins revised its Supplier Code of Conduct, the company required its more than 4,000 suppliers to accept the new code – 100% accepted the company's supplier code.

One of the primary ways the company checks for compliance among its suppliers is through Eyes Open Audits. These audits are regularly performed when purchasing and other personnel visit suppliers to review contract performance. They look specifically for problems in worker health, worker safety, protecting Cummins information, hazardous or unsafe materials and child labor, as well as issues pertaining to the treatment of others.

In 2019, there were 391 Eyes Open Audits completed. That's an 8% decline from the previous year. It should be noted, however, that the company began to curtail travel during the last half of the



Cummins employees with 30 years or more experience working on RAM engines celebrate production of the 3 millionth engine in 2019 at the Columbus MidRange Engine Plant outside Columbus, Indiana (U.S.).

year as Cummins recognized economic activity was slowing in many key markets.

During 2019 the company worked to align its audits specifically with the Human Rights Policy looking ahead to 2020 and beyond.

Cummins complies with both the California (U.S.) Transparency in Supply Chains Act and the U.K. Modern Slavery Act. The company posts its disclosures in the Ethics and Compliance section on [cummins.com](https://www.cummins.com).

PUTTING TECHNOLOGY TO WORK FOR CUMMINS CUSTOMERS

Keeping Cummins products running is critical to the company's business and sustainability, and technology is how Cummins Care increases efficiency and convenience for customers.

Cummins Care is the company's primary tool to support customers. In 2019, Cummins Care's website, care.cummins.com, hosted articles and information in six languages to meet customer needs around the world quickly and easily.

Additionally, Cummins Care has live phone support available 24 hours a day, 365 days a year in Europe and North America. To further make supporting

Cummins' equipment convenient, there is now a live chat function in North America and Europe. These expanded offerings allow customers to select the right tool for the job they are trying to accomplish.

Cummins Care is continually improving, and those efforts are recognized by customers. They rated Cummins Care 4.5 out of five stars across all communication channels (phone, email, web chat).

Innovation and technology continue to drive Cummins, and Cummins Care is no exception. **PrevenTech Mining®**, for example, is an integrated digital solution applying connectivity, big data, advanced analytics and the Internet of Things together with live expert support for customers, communicating customized recommendations to improve operations.

PrevenTech Mining monitors engine data remotely and provides early detection and diagnosis of equipment issues. PrevenTech Mining has resulted in increased performance, reliability, safety, operating efficiency and uptime – the amount of time equipment stays in operation. In addition to mining, Cummins will release PrevenTech applications for rail, on-highway truck, oil and gas, power generation, and marine.

In addition, **Connected Diagnostics™** uses telematics to wirelessly connect Cummins engines to the company for immediate diagnosis of engine system fault alerts and provides customers valuable information – within seconds.

Connected Advisor™ utilizes the telematics data input from Connected Diagnostics to provide a filtered, prioritized list of actionable recommendations for faults on operating engines.



Connected Advisor provides both immediate action recommendations and a prioritized list of nonemergency faults to plan future repairs.

These are just three examples of technology tools the company offers to support customers. To see more about another Cummins' tool called RemoteConnect, check out the story on [page 62](#).

RemoteConnect is a suite of high-tech tools enabling Cummins technicians in the field to work remotely with experts at the company to support customers. To learn more, see the story on [page 62](#).



EXTRA HELP FOR CUSTOMERS REMOTELY

RemoteConnect is another innovation being deployed to keep customers' engines running; it's like having a factory expert alongside technicians in the field throughout North America.

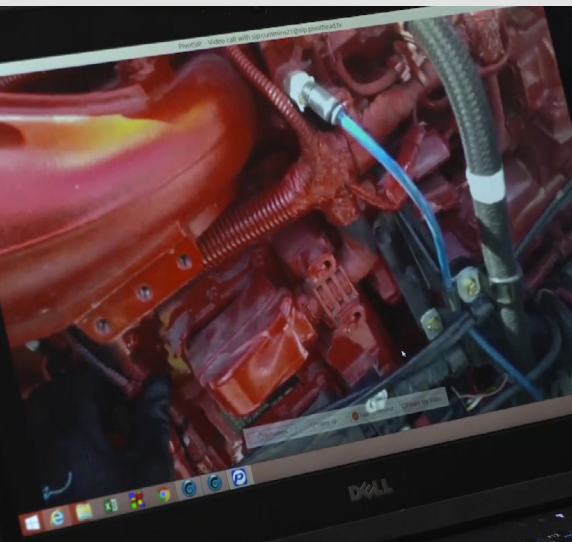
Each RemoteConnect kit includes a cellular hot spot with a private network, diagnostic tools, remote camera, and audio/video safety glasses. The audio/video safety glasses allow a Cummins Care expert to see what the onsite technician is seeing in real-time, enabling the technician and expert to collaborate to resolve an issue.

RemoteConnect has resulted in improved repair efficiency, less downtime and greater customer satisfaction. The kits have been placed in more than 140 Cummins locations, primarily in the U.S. and Canada but Cummins Care is working to deploy them elsewhere, too.

The tool has been *especially helpful* during the COVID-19 crisis in early 2020 when travel was restricted to stop the spread of the virus.

Experts who normally would have traveled to a location for a repair joined by RemoteConnect instead.

RemoteConnect enables an expert potentially hundreds of miles away to see what the technician sees on site, so they can work collaboratively to solve customer challenges. Above, the technician uses special safety glasses equipped with cameras to transmit a picture of what he sees. Below is what the expert might see on his or her laptop.



KEY NUMBERS IN 2019

140+

RemoteConnect kits deployed in North America to connect factory experts on line with technicians working remotely to help customers.



Rating out of five that customers give Customer Care across every communications platform it uses – phone, electronic chat and email.

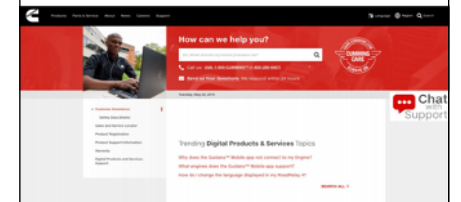
6

Languages available for articles and information to meet customer needs on Cummins Care's website in 2019.

365

Days per year Customer Care service is available to customers around the clock in North America and Europe.

CUSTOMER ACCESS POINTS



BY PHONE:

1-800-CUMMINS
(North America)

ON THE WEB:

care.cummins.com

BY EMAIL:

Access via website.
Responses within 24 hours.

BY CHAT:

See website.

CUMMINS ACHIEVES RECORD PROFITABILITY IN 2019, PREPARES FOR EXPECTED DOWNTURN IN 2020

While revenues fell 1% in 2019 compared to a record 2018, net income at Cummins increased 9.5% as the company ratcheted down expenses when the global economy slowed in the final quarter of the year.

Revenues for all of 2019 were \$23.6 billion compared to \$23.8 billion in 2018. But earnings before interest, taxes, depreciation and amortization (EBITDA) were a record \$3.6 billion (15.3% of sales) or \$3.7 billion (15.8% of sales) excluding restructuring. This compares to \$3.5 billion or 14.6% of sales in 2018.

Net income attributable to Cummins for the full year was \$2.3 billion (\$14.48 per diluted share), or \$2.4 billion (\$15.05 per diluted share) excluding restructuring, compared to net income of \$2.1 billion (\$13.15 per diluted share) in 2018. The effective tax rate for the full year was 20%.

“Despite challenging conditions in many of our largest markets over the last six months, Cummins delivered record profits and operating cash flow in 2019,” said Chairman and CEO Tom Linebarger when the 2019 results were released on Feb. 4, 2020.

The announcement came about a month before COVID-19 was declared a global pandemic, which will be reflected in next year’s report. The belt-tightening the company did in 2019 better positioned Cummins for the impact of the virus during the first six months of 2020 (see the Chairman’s note on page X).

CUMMINS SALES BY YEAR



2019	\$23.6 billion
2018	\$23.8 billion
2017	\$20.4 billion
2016	\$17.5 billion
2015	\$19.1 billion
2014	\$19.2 billion

Lower truck production in North America and weaker demand in the global construction, mining, and power generation markets drove most of the revenue decrease in the final quarter of 2019. Currency also negatively impacted revenues by 1%, primarily due to a stronger U.S. dollar.

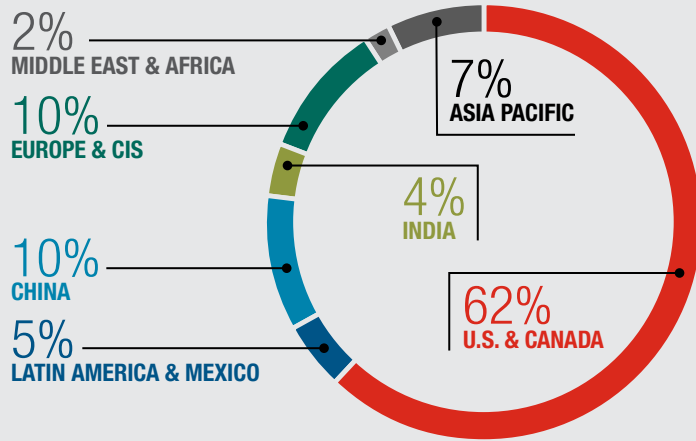
The company executed several measures to reduce costs and improve future performance in the second half of 2019. These actions included a plan to reduce headcount, which resulted in a charge of \$119 million (\$90 million after tax) in the fourth quarter of 2019.

Despite the slow-down, the company made a record investment in research, development and engineering expenses in 2019, topping \$1 billion as Cummins explored low-carbon platforms such as electrified power, as well as hydrogen- and natural gas-powered fuel cells. Cummins also continued improving the company’s diesel and natural gas product lines and related components.

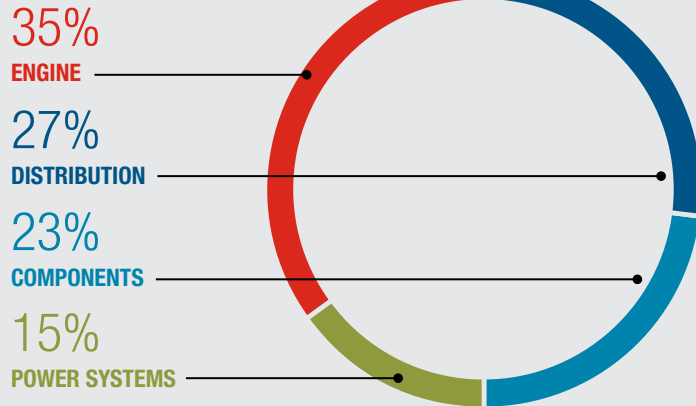
To learn more about the company’s financial performance in 2019, see [Cummins’ 2019 Annual Report on Form 10-K](#), the most complete source for financial information about the company.

FINANCIAL //

2019 REVENUE BY MARKETING TERRITORY



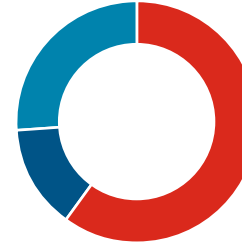
2019 REVENUE BY SEGMENT



ENGINE BUSINESS

2019 REVENUE BY PRODUCT

60% ON-HIGHWAY
14% OFF-HIGHWAY
26% PARTS & SERVICE

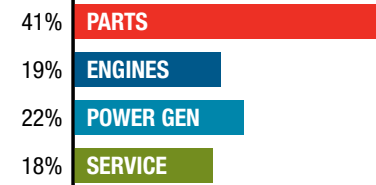


2019 REVENUE BY APPLICATION



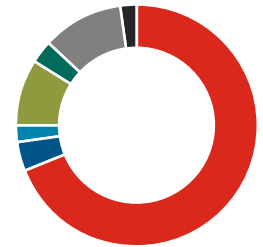
DISTRIBUTION

2019 REVENUE BY PRODUCT



2019 REVENUE BY REGION

69% US & CANADA
4% CHINA
2% INDIA
9% EUROPE/CIS
3% MIDDLE EAST & AFRICA
11% ASIA PACIFIC
2% LATIN AMERICA & MEXICO



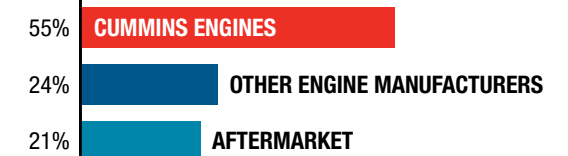
COMPONENTS

2019 REVENUE BY BUSINESS

44% EMISSION SOLUTIONS
19% FILTRATION
18% TURBO TECHNOLOGIES
11% FUEL SYSTEMS & ELECTRONICS
8% AUTOMATED TRANSMISSIONS

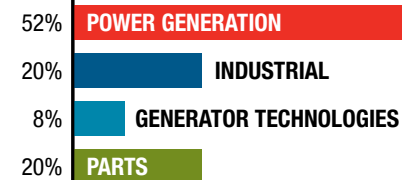


2019 REVENUE BY APPLICATION



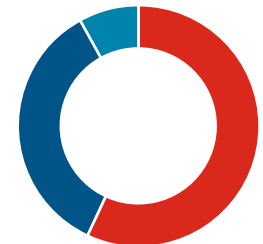
POWER SYSTEMS

2019 REVENUE BY PRODUCT



2019 REVENUE BY PRODUCT LINE

57% POWER GENERATION
35% INDUSTRIAL
8% GENERATOR TECHNOLOGIES



POWERING A MORE PROSPEROUS WORLD



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

1-800-CUMMINS™ (1-800-286-6467)
cummins.com

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CONTRIBUTORS TO THIS REPORT

Jennifer Struffert Abon, Emma Benchell, Fernanda Beraldi, John Brockhaus, David Clark, Karen Cecil, Kelley Creveling, Susan Criswell, Laurie Counsel, Mark Dhennin, Angel Franklin, Jasmin French, Manuel Gaitan, Dasia Gilbert, Kevin Graham, Rebecca Hewitt, James Hopkins, Helena Hutton, Brian Jaskot, Michelle Garner-Jana, Brijesh Krishnan, Ramona Kudla, Anna Lintereur, Julie Liu, Anne Mack, Jon Mills, Katie Moreau, Nichole Morris, Terry Neff, Swetal Patankar, John Pendray, Brian Sanders, Meredith Sanders, Steve Sanders, Rosann Scattoloni, Sumedha Sharma, Chris Shieldsmith, Lauren O'Dell Sidler, Mark Sifferlen, Carol Suhich, Matthew Walker, Erica White, Dane Whitlock, James Wide, Mark Wilson, Phillip Wilson and Katie Zarich

CONTACTS

CAROLE CASTO

Vice President – Corporate Communications
301 E. Market St.
Indianapolis, IN 46204

MARY CHANDLER

Vice President – Corporate Responsibility
Chief Executive Officer – The Cummins Foundation
301 E. Market St.
Indianapolis, IN 46204

JAMES HOPKINS

Executive Director – Investor Relations
500 Jackson St.
Columbus, IN 47201

BRIAN MORMINO

Executive Director –
Technical and Environmental Systems
500 Jackson St.
Columbus, IN 47201

MARK SIFFERLEN

Vice President – Ethics and Compliance
301 E. Market St.
Indianapolis, IN 46204

CATHERINE VAN WAY

Head of Government Relations
601 Pennsylvania Ave., Suite 1100
Washington, D.C. 20004

BLAIR CLAFLIN (EDITOR)

Director – Sustainability Communications
301 E. Market St.
Indianapolis, IN 46204
blair.clafin@cummins.com