



2024 TCFD REPORT

Cummins responds to climate change

Task Force on Climate-Related
Financial Disclosures (TCFD)

Cummins' 2024 TCFD Report

Recommended disclosure for TCFD framework

Response

GOVERNANCE

a. Describe the board's oversight of climate related risks and opportunities.

The Cummins Board of Directors and the senior management team effectively oversee the company's top risks, while the Enterprise Risk Management (ERM) program gives the board and senior management a framework to help them understand, identify, assess, manage and monitor risks so the company can meet its strategic objectives.

As climate-related risks affect multiple aspects of the business, the enterprise risks incorporate, where relevant, climate-related aspects, with a separate stand-alone enterprise risk on climate change for effective oversight and management. The Cummins board is ultimately responsible for assessing and managing climate-related risks and opportunities. Managing risk effectively is on the agenda at regularly scheduled board meetings, and the board reviews the ERM program and the results of Cummins' latest enterprise risk assessment annually.

The company has a mature ERM program that identifies, categorizes and analyzes the relative severity and likelihood of the various types of material enterprise-related risks to which Cummins is or may be subject. The company has an executive risk council (ERC) that meets five times each year with the Executive Director, Global Risk to review and update material enterprise-related risks and mitigation plans for each. The ERC also is responsible for reviewing and approving the company's double materiality assessment that identifies ESG impacts, risks and opportunities and the Climate Scenario Analysis that identified risks and opportunities for Cummins under different climate change scenarios. The company assigns ownership of every enterprise risk to a member of the executive management team, which includes the climate change risk. Additionally, the board and its Committees provide oversight of the company's ESG risks and opportunities, including regular review by the full board of ESG strategy and challenges. The designated committees undertake detailed reviews of specific ESG risks and opportunities. For example, the Safety, Environment and Technology (SET) Committee provides primary oversight for environmental risks and opportunities. The board or its committees reviews elements of ESG strategy, risks and progress with dedicated time at every regular board meeting. The SET Committee provides overall guidance and insight on major environmental sustainability initiatives such as Cummins' environmental sustainability strategy, as well as environmental management at its facilities and operations.

In 2024, the board convened five times, with all directors attending at least 75% of the meetings. The non-employee members of the board also met in executive session without management present as part of each regular meeting.

For more information, please refer to:

[Cummins Climate Transition Plan: Governance for risk management](#) (pg. 23)

[2024-2025 Cummins Sustainability Progress Report: Board of Directors](#) (pg. 41)

[Cummins 2024 CDP Report: 4.2](#) (pg. 69)

Recommended disclosure for TCFD framework

Response

b. Describe management's role in assessing and managing climate related risks and opportunities.

The Chair and CEO at Cummins has direct responsibility for climate-related issues in strategy, operations (manufacturing and supply chain), planning, budget, technology and innovation. The centralized Technical and Environmental Systems organization, reporting to the Chief Technical Officer (CTO), contains the Environmental Sustainability Program office for sustainability plans and reviews with a focus on technology and innovation. The CTO oversees advancements in research and technology, enterprise technology portfolio management, and the overall responsibility for the company's environmental sustainability strategy.

A central climate risk management program led by the Technical and Environmental Systems (TES) group continuously monitors the evolution of climate-related risks and opportunities, ensuring the appropriate adaptation and mitigation strategies are in place to effectively manage transition and physical risks across the company.

The company's Action Committee for Environmental Sustainability (ACES), formed in 2012, integrates climate action into Cummins' overall business strategy. The executive sponsor and the head of this group both report up to the CTO. The group is the voice and catalyst for environmental action beyond compliance in the company and provides tools and resources for employees to go further and faster in reaching Cummins' environmental goals. The group meets regularly and reports progress to the CTO through its executive sponsor. ACES directs the development and implementation of the environmental sustainability strategy and reports out on progress in meeting goals. The corporate ACES team has a global focus, including among its stakeholders every business segment and key functions. It meets annually with the Chair and CEO. The individual stakeholders and goal owner areas of ACES ensures that all aspects of the environment and relevant areas of the business are included, and data is collected and reported that informs decision-making and goal setting. Additional executive sponsor meetings align functional and business leaders across the organization and prioritize actions required for goal progress.

In response to the growing impact of climate-related risks and the increase in regulatory requirements, the ESG Strategy Team was established, under the Executive Director of Global Risk. This team is responsible for leading the company's double materiality assessment to identify ESG impacts, risks and opportunities; co-ordinates Cummins' global approach to ESG; provides support to the Cummins businesses in the achievement of their ESG-related business strategies; and ensures compliance with Cummins' obligations under the growing number of ESG reporting and disclosure regulations globally. The ESG Strategy Team established a cross-functional working group, primarily comprised of various functional, business segment and regional representatives, responsible for executing Cummins ESG strategy. Cummins also has established an ESG management review group which includes senior leaders who help break down barriers and provide guidance to the ESG Strategy Team that can be put into action by the ESG Working Group.

For more information, please refer to:

[Cummins Climate Transition Plan: Governance for risk management](#) (pg. 23)

[Cummins Climate Transition Plan: Governance](#) (pg. 27)

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Response

STRATEGY

a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

CLIMATE RELATED RISKS

Risk: Acute

Acute weather events disrupt operations and affect labor safety

- Risk type: Physical
- Time horizon: Short, medium and long-term
- Likelihood: Medium
- Financial impact: Medium
- Potential impact: [Cummins Climate Transition Plan: Risks](#) (pg. 17)

Risk: Chronic

Chronic weather events impact operations and workforce

- Risk type: Physical
- Time horizon: Medium to long-term
- Likelihood: Medium
- Financial impact: Medium
- Potential impact: [Cummins Climate Transition Plan: Risks](#) (pg. 17)

Risk: Market

Reduced demand for traditional internal combustion engine vehicles as customer preferences shift toward clean-energy technologies and products could adversely affect sales and market share.

- Risk type: Transition
- Time horizon: Medium to long-term
- Likelihood: Medium
- Financial impact: Medium
- Potential impact: [Cummins Climate Transition Plan: Risks](#) (pg. 18)

Recommended disclosure for TCFD framework

Response

*(Continued)***Risk: Technology**

Higher capital outlays to retrofit and upgrade facilities in response to the global shift to low-emissions technologies could strain investment capacity.

- Risk type: Transition
- Time horizon: Medium to long-term
- Likelihood: Medium
- Financial impact: Medium
- Potential impact: [Cummins Climate Transition Plan: Risks](#) (pg. 18)

Risk: Access to materials

Constrained access to materials from geopolitical tensions, climate-driven supply chain disruptions and intensified competition.

- Risk type: Transition
- Time horizon: Medium to long-term
- Likelihood: Medium
- Financial impact: Medium
- Potential impact: [Cummins Climate Transition Plan: Risks](#) (pg. 18)

Risk: Reputational

Failure to meet environmental, social and governance (ESG) expectations or standards, or to achieve Cummins' ESG goals, could adversely affect the business, results of operations and financial condition.

- Risk type: Transition
- Time horizon: Medium to long-term
- Likelihood: Medium
- Financial impact: Medium
- Potential impact: [Cummins Climate Transition Plan: Risks](#) (pg. 18)

Recommended disclosure for TCFD framework

Response

*(Continued)***Risk: Policy and regulatory**

Increased compliance costs from evolving climate-related regulations and carbon-pricing mechanisms could materially increase operating and capital expenditures.

- Risk type: Transition
- Time horizon: Medium to long-term
- Likelihood: Medium
- Financial impact: Medium
- Potential impact: [Cummins Climate Transition Plan: Risks](#) (pg. 18)

CLIMATE-RELATED OPPORTUNITIES**Opportunity: Energy sources**

Improved product efficiency could reduce energy consumption and lower emissions, enhance performance and ensure compliance with evolving regulations.

- Opportunity type: Transition
- Time horizon: Medium term
- Likelihood: Medium to high
- Financial impact: Medium
- Potential impact: [Cummins Climate Transition Plan: Risks](#) (pg. 19)

Opportunity: Products and services

Diversifying the product portfolio to meet demand in hard-to-abate sectors helps adapt to different regulations and reduces dependence on emerging technologies, while providing reliable power solutions that strengthen infrastructure against extreme weather and support long-term market position.

- Opportunity type: Transition
- Time horizon: Medium to long-term
- Likelihood: High
- Financial impact: High
- Potential impact: [Cummins Climate Transition Plan: Risks](#) (pg. 19)

Recommended disclosure for TCFD framework

Response

(Continued)

Opportunity: Resilience

Enhanced manufacturing capabilities through advanced technologies and process improvements could optimize production, increase facility resilience and reduce operational costs.

- Opportunity type: Transition
- Time horizon: Medium to long-term
- Likelihood: High
- Financial impact: High
- Potential impact: [Cummins Climate Transition Plan: Risks](#) (pg. 19)

For likelihood, financial impact, and time horizon definitions, please refer to page 16 of [Cummins Climate Transition Plan](#).

[Cummins Climate Transition Plan: Climate risk management](#) (pg. 15-23)

b. Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.

Cummins recognizes that climate change presents physical and transition risks that can challenge business resilience, as well as introduce opportunities for growth and market differentiation. Cummins' business and sustainability strategies are intentionally and intricately aligned through Destination Zero — the company's commitment to sustainability and helping its customers navigate the energy transition while growing the business.

To explore the impacts of climate-related risks and opportunities on Cummins' business, strategy and financial planning, please refer to the climate risk management section (pages 15-23) of the [Cummins Climate Transition Plan](#).

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Response

c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Climate change represents one of the most pressing environmental, community and business challenges of our time. Global temperatures continue to rise above pre-industrial levels, and severe weather events are increasing in frequency and intensity. As a global power technology leader, Cummins recognizes both its responsibility and its opportunity to drive meaningful solutions that support the transition to a low-carbon future while creating value for all its stakeholders. This is the Destination Zero™ strategy in action and it is grounded in the company's mission and core values that call to advocate for a just energy transition that unlocks opportunities for all. Cummins' business and sustainability strategies are intentionally and intricately aligned through Destination Zero – the company's commitment to sustainability and helping its customers navigate the energy transition while growing its business. Cummins continues to focus on understanding climate change related risks and opportunities to actively manage challenges and strengthen business and operational resiliency.

Cummins selected three Network for Greening the Financial System (NGFS) climate scenarios – Current Policies, Net Zero 2050 and Fragmented World – as the foundation for its climate scenario analysis.

The Net Zero 2050 scenario represents a pathway where global CO₂ emissions reach net zero by 2050, aiming to limit global warming to 1.5°C above pre-industrial levels. This scenario assumes immediate and coordinated climate policies, rapid technological advancements, and significant investments in clean energy, with renewables and biomass supplying approximately 70% of global primary energy needs by 2050. Achieving this transition necessitates substantial economic restructuring and a global commitment to decarbonization across all sectors.

Through this analysis, Cummins identified climate-related risks and opportunities in each scenario and evaluated them on the severity of impact and likelihood over short-, medium- and long-term time horizons. The likelihood and financial impact of risks and opportunities are assessed using Cummins' Enterprise Risk Management (ERM) criteria. Disclosures were then prioritized based on internal financial materiality thresholds aligned with Cummins Enterprise Risk Management (ERM) and Double Materiality Assessment (DMA) frameworks to highlight the most significant risks and the greatest opportunities.

Cummins is targeting net-zero emissions by 2050, in alignment with a pathway to limit global warming to 1.5°C above pre-industrial levels, supported by a flexible strategy that adapts to emerging technologies, policy developments and evolving customer needs. Cummins 2050 targets for decarbonization reflect its long-term ambition to create a sustainable future, including:

- Achieving net-zero emissions across Cummins' facilities and operations
- Delivering low-carbon and zero-emissions technologies across all markets the company serves to power customer success while aligning with market needs

For further details, see the [Cummins Climate Transition Plan](#).

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Response

Risk Management

a. Describe the organization's processes for identifying and assessing climate-related risks.

Cummins is committed to identifying, assessing, addressing, monitoring and disclosing its climate related impacts, risks and opportunities.

Cummins conducted a climate scenario analysis in 2018 to evaluate potential impacts on its operations and business strategy, aligning its disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) framework. This scenario analysis has been instrumental in identifying physical and transition risks for Cummins, as well as opportunities for innovation and resilience.

In 2024, Cummins reassessed its climate scenario analysis utilizing the Network for Greening the Financial System (NGFS) scenarios to reflect policy shifts, advances in climate science and improved data availability. Guided by the NGFS scenarios, the company deepened its understanding of various climate pathways and their potential implications for the business.

For details on Cummins' climate scenario analysis process, see page 16 of [Cummins Climate Transition Plan](#).

b. Describe the organizations processes for managing climate related risk

The Cummins Board of Directors and the senior management team effectively oversee the company's top risks, while the Enterprise Risk Management (ERM) program gives the board and senior management a framework to help them understand, identify, assess, manage and monitor risks so the company can meet its strategic objectives.

A central climate risk management program led by the Technical and Environmental Systems (TES) group continuously monitors the evolution of climate-related risks and opportunities, ensuring the appropriate adaptation and mitigation strategies are in place to effectively manage transition and physical risks across the company.

In response to the growing impact of climate-related risks and the increase in regulatory requirements, the ESG Strategy Team was established under the Executive Director of Global Risk. This team is responsible for leading the company's double materiality assessment to identify ESG impacts, risks and opportunities; co-ordinates Cummins' global approach to ESG; provides support to Cummins' businesses in the achievement of their ESG-related business strategies; and ensures compliance with the company's obligations under the growing number of ESG reporting and disclosure regulations globally. The ESG Strategy Team established a cross-functional working group, primarily comprised of various functional, business segment and regional representatives, responsible for executing Cummins' ESG strategy. Cummins also has established an ESG management review group which includes senior leaders who help break down barriers and provide guidance to the ESG Strategy Team that can be put into action by the ESG Working Group.

For further details, see page 20 of [Cummins Climate Transition Plan](#).

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c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

As climate-related risks affect multiple aspects of the business, the enterprise risks incorporate, where relevant, climate-related aspects, with a separate stand-alone enterprise risk on climate change for effective oversight and management. The Cummins board is ultimately responsible for assessing and managing climate-related risks and opportunities. Managing risk effectively is on the agenda at regularly scheduled board meetings, and the board reviews the ERM program and the results of Cummins' latest enterprise risk assessment annually.

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For further details, see page 23 of [Cummins Climate Transition Plan](#).

METRICS AND TARGETS

a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

[2024-2025 Cummins Sustainability Progress Report: Environment](#) (pg.17-29)

b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

[2024 Cummins Environmental, Social and Governance Assurance Statements](#) (pg. 12)

c. Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.

[2024-2025 Cummins Sustainability Progress Report: Environment](#) (pg.17-29)



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