

**Resolved**, the shareholders of Cummins request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Cummins used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Cummins' membership in and payments to any tax-exempt organization that writes and endorses model legislation;
4. Description of management's decision-making process and the Board's oversight for making payments described above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Cummins is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee and posted on Cummins' website.

## **Supporting Statement**

Full disclosure of Cummins' lobbying activities and expenditures is needed to assess whether Cummins' lobbying is consistent with its expressed goals and in stockholders' best interests. Cummins spent \$49,638,000 from 2010 – 2022 on federal lobbying. This does not include state lobbying, where Cummins also lobbies but disclosure is uneven or absent. And Cummins also lobbies abroad, spending between €500,000–599,000 on lobbying in Europe for 2022.

Companies can give unlimited amounts to third party groups that spend millions on lobbying and often undisclosed grassroots activity.<sup>1</sup> Cummins does disclose dues payments to trade associations above \$50,000 used for lobbying. But Cummins fails to disclose its total payments to trade associations, nor any payments to social welfare groups (SWGs), to shareholders. Cummins discloses dues used for lobbying by the Business Roundtable (BRT), Engine Manufacturers Association, National Association of Manufacturers and US Chamber Commerce. But Cummins' current disclosure omits memberships in many trade associations that lobby, including the Association of Equipment Manufacturers, Energy Technology Forum and the National Electrical Manufacturers Association, and leaves out all SWGs.

We are concerned that Cummins' lack of disclosure presents reputational risk when its lobbying contradicts company public positions. For example, Cummins supports addressing climate change, yet the BRT lobbied against the Inflation Reduction Act<sup>2</sup> and the Chamber reportedly has been a "central actor" in dissuading climate legislation over a two-decade period.<sup>3</sup> Truck manufacturers like Cummins tout an electric future, yet the Engine Manufacturers Association reportedly has pushed to weaken tougher federal rules

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<sup>1</sup> <https://theintercept.com/2019/08/06/business-group-spending-on-lobbying-in-washington-is-at-least-double-whats-publicly-reported/>.

<sup>2</sup> <https://www.theguardian.com/environment/2022/aug/19/top-us-business-lobby-group-climate-action-business-roundtable>.

<sup>3</sup> <https://www.washingtonpost.com/politics/2023/08/02/climate-group-pushes-big-tech-exit-nations-largest-business-lobby/>.

curbing greenhouse gases.<sup>4</sup> And while Cummins does not belong to the controversial American Legislative Exchange Council,<sup>5</sup> it is represented by the Chamber, which sits on its Private Enterprise Advisory Council.<sup>6</sup>

Cummins should expand its lobbying disclosure.

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<sup>4</sup> <https://www.washingtonpost.com/climate-environment/2022/10/18/electric-truck-transition/>.

<sup>5</sup> <https://www.wbur.org/hereandnow/2023/03/22/esg-investing-fossil-fuels>.

<sup>6</sup> <https://ohiocapitaljournal.com/2023/09/06/coming-soon-in-ohio-alec-releases-new-raft-of-model-legislation/>.