

Doing More to Use Less

The Education on the Way
to Innovation

Laurie Counsel
EPA Climate Leaders
December 5, 2007





Climate Change Strategy - Timeline

October 2006

GHG reduction
commitment made

June 2007

Presented to Executive
Committee

**Climate Change
Working Group
Formed**

**Scenario
Planning**

**Messaging
Developed**

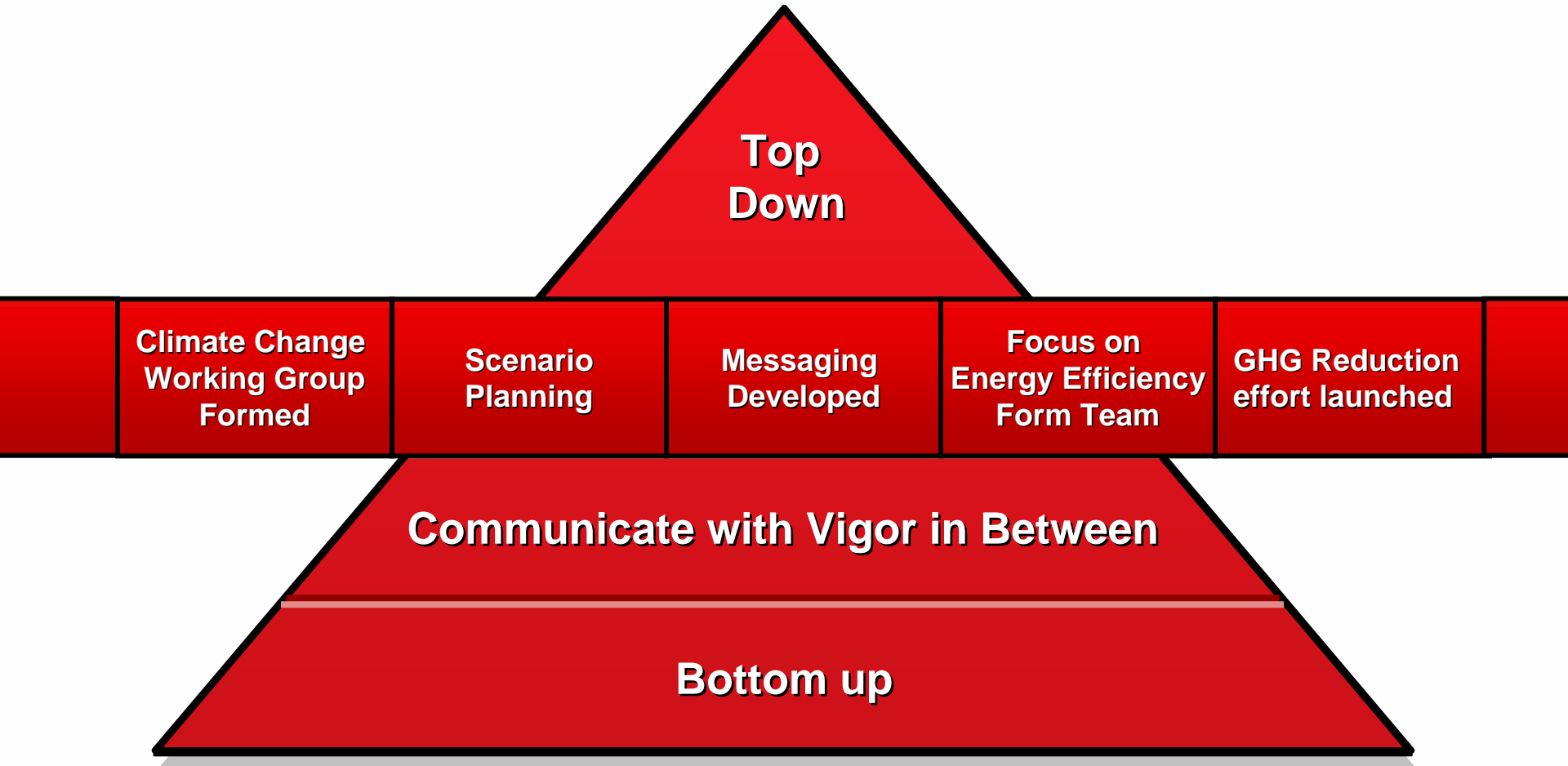
**Focus on
Energy Efficiency
Form Team**

**GHG Reduction
effort launched**

November 2007

Larger employee
announcement

Basic Communication and Engagement Strategy



Know Your Audience

- Sent a 19-question survey to approximately 6,000 randomly chosen employees across varied business units and geographies
- Received 750 responses **in the first 6 hours**
- Received total of 1,500 responses (a 25 percent response rate)

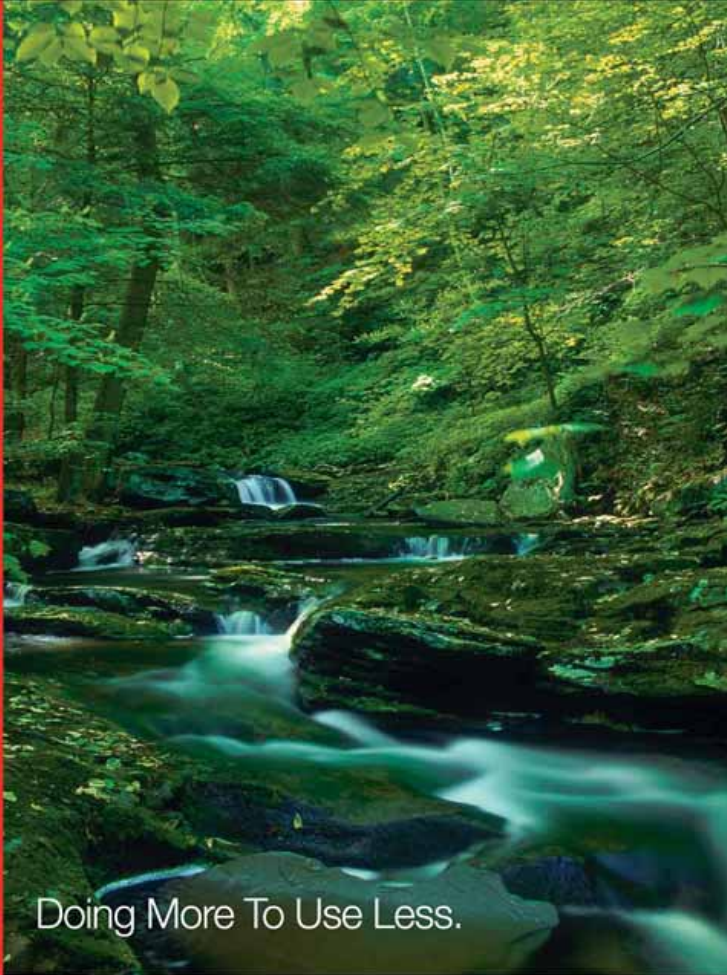


Survey Results

The Interest is There

	<u>5 and ></u>	<u>Top 2 Box</u>
Current familiarity and knowledge	78%	10%
Personal concern	83%	27%
Relative Importance to Cummins	88%	29%
Would you like to learn more about ways you can help protect the environment at work and at home?		78% - yes

Scale of 1 – 10, with 10 being the highest



Doing More To Use Less.

Dependable.

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Why Outside Expertise
Can Help.

Why Use the Business Case Approach

Followed the model of Cummins successful rebranding effort in 2006

Take off the table:

- The decision to take on the initiative
(and any distracting associated emotion)

Instead focus on:

- The fit with the company's culture, mission, values
- The fit with other company DNA-like efforts:
Six Sigma, Cummins Operating System
- Cost reduction and process standardization

Goal is to leave employees not asking WHY are we doing this but why WOULDN'T we do this?



The Business Case for Greenhouse Gas Reduction

Climate Change Initiatives Position Cummins for Sustainable Success

It's Good Business and the Right Thing to Do

- It presents business opportunities for Cummins and its stakeholders

Greenhouse Gas Reduction Drives Energy Efficiency and Cost Reduction

Innovation You Can Depend On

- Our customers expect Cummins to deliver innovative energy and environmental solutions as we integrate with their operations and equipment.



Phase I – Launch – Q4 2007

Audience: Employees primarily, external audiences secondarily
Objective: Primarily information, some call to action
Strategy: Communicate management commitment

Tactics and Timing:

Initial Message Launch in November

- Chairman’s Business Update Video
- Webcast (with script translated)
- Email message from President
- Intranet portal story

Launch Follow up

- Energy.Efficiency@Cummins.com
- Posters – reinforce initiative, add contact information
- Enhanced externally facing web presence

Phase II -- Q1 2008

- Audience:** Employees, investors, general public
- Objective:** Show progress, increase education and awareness
- Strategy:** Success breeds success
- Timing & Tactics:**
- Jan/Feb:** Internal website with News, Best Practices, Energy Use Tips, Blog, Carbon Calculators, other employee engagement tools
 - Jan/Feb:** Employee “Survival Kit”
 - March:** Sustainability brochure companion piece to the Annual Report

Achieving Greater Energy Efficiency by 2010

Current sites

- Most savings will come from capital projects
 - Facilities improvements and equipment optimization
 - Need comprehensive survey and strategic investment plan

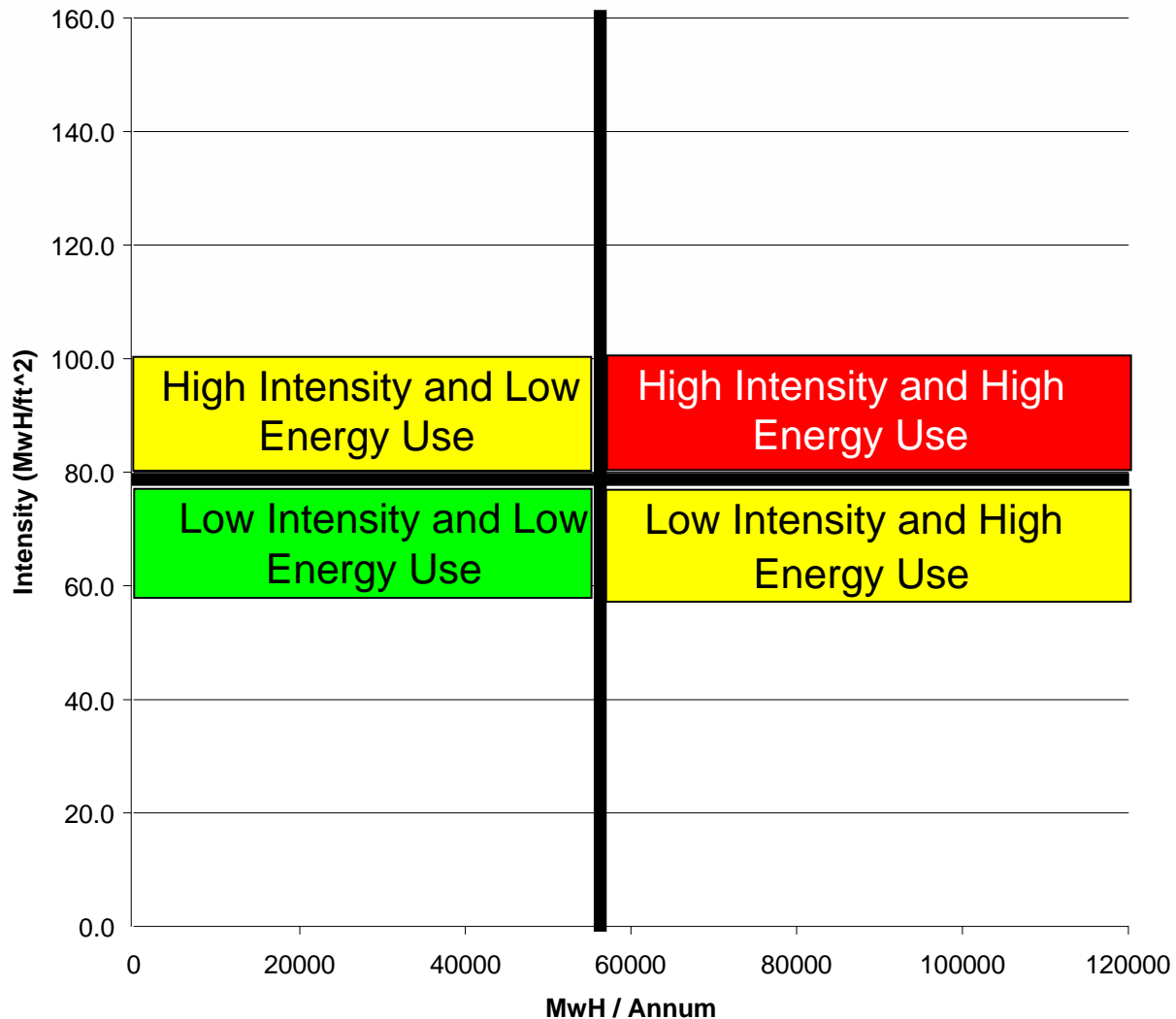
- Low/no cost improvements also critical to our success
 - Broad based employee involvement
 - Training and support for local “Energy Champions”

New Sites

- 19 new facilities planned by 2010
 - All consolidated sites by end of 2010 are part of Climate Leaders Program
 - Energy efficiency of new facilities essential



Assessing Opportunities by Intensity vs Energy Use with Partner Duke Energy





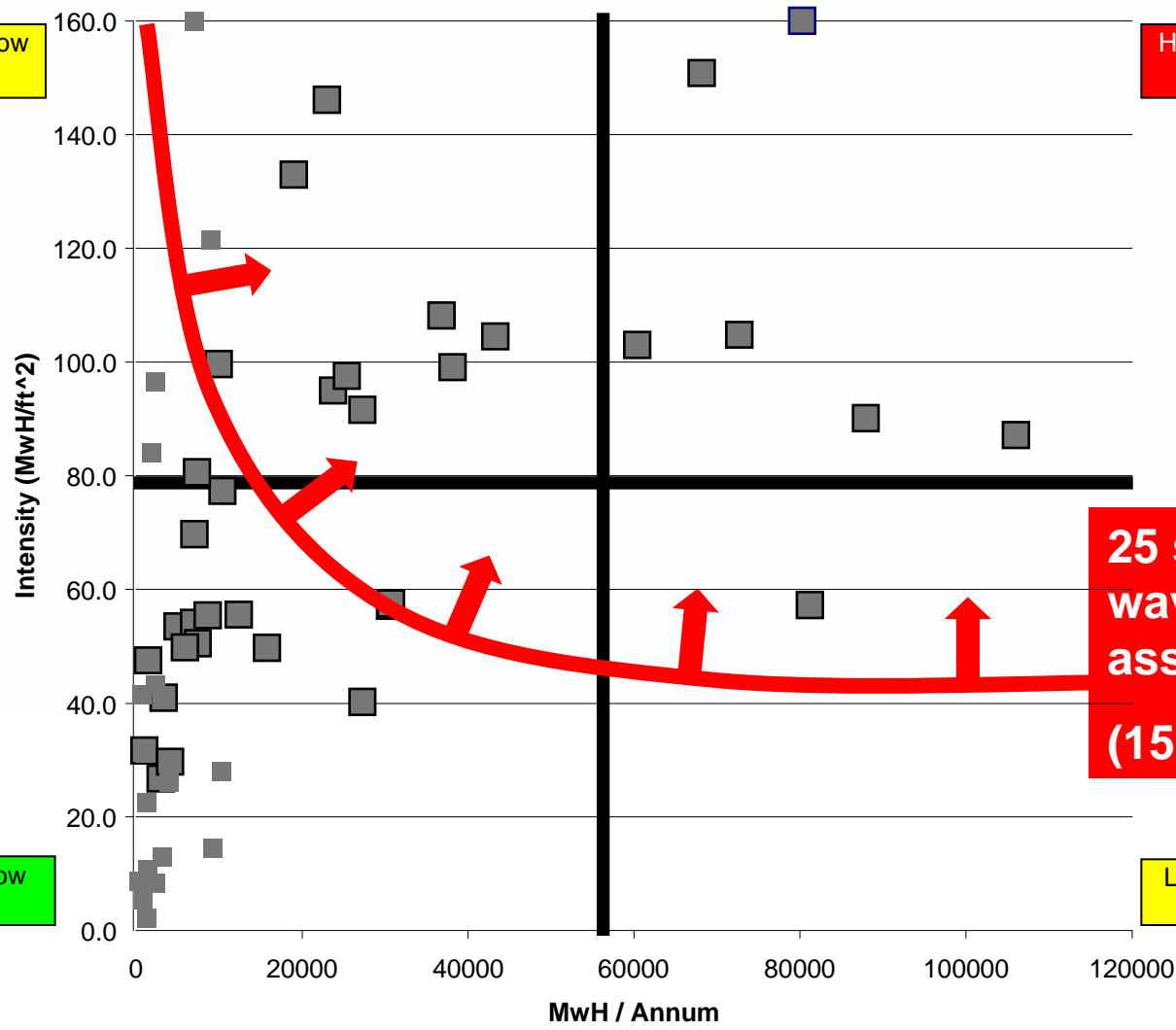
Assessing Opportunities by Intensity vs. Energy Use with Partner Duke Energy

High Intensity and Low Energy Use

High Intensity and High Energy Use

Low Intensity and Low Energy Use

Low Intensity and High Energy Use



25 sites in first wave of plant assessments (15 in US)



Assessment Process

Cummins “Profiler” developed

- Detailed profile of site
- Ensure right expertise on assessment team

Schedule Visit with local hosts

- Focused reviews with local stakeholders

Research

- Define improvement opportunities
- Conference calls and return visits as needed

Assessment Report

- Preliminary review with local staff, questions/corrections
- Final report to corp EE team

Strategic Review

- Financial metrics calculated, pareto list, and opportunity-driven targets set

Common Energy Opportunities

1) Natural and artificial lighting

7) Process power and fuel usage



8) Waste process heat

3) Indoor air comfort – heating, cooling, air handling

2) Unwanted heat gain/loss (walls, windows, roof)

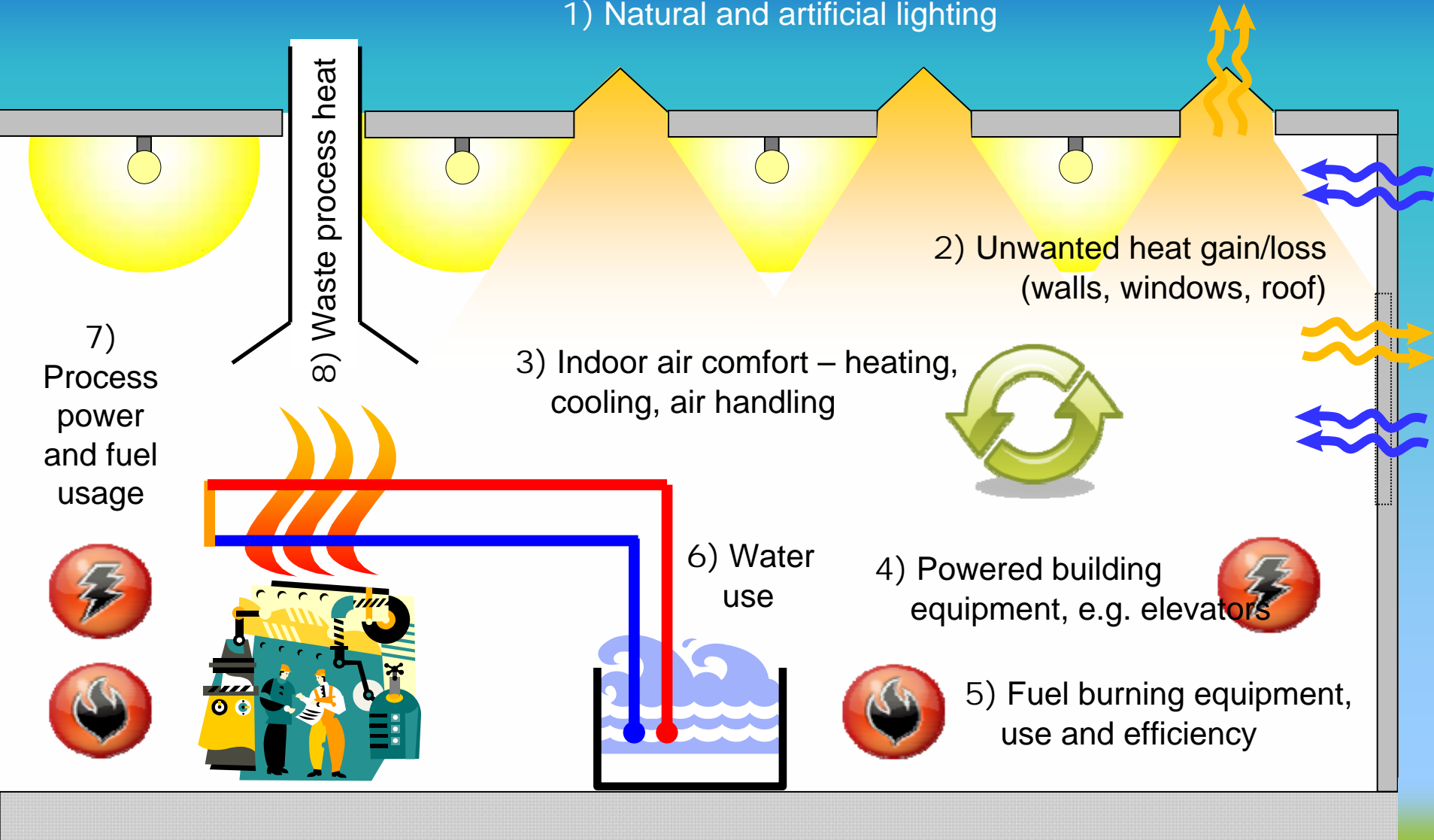


6) Water use

4) Powered building equipment, e.g. elevators



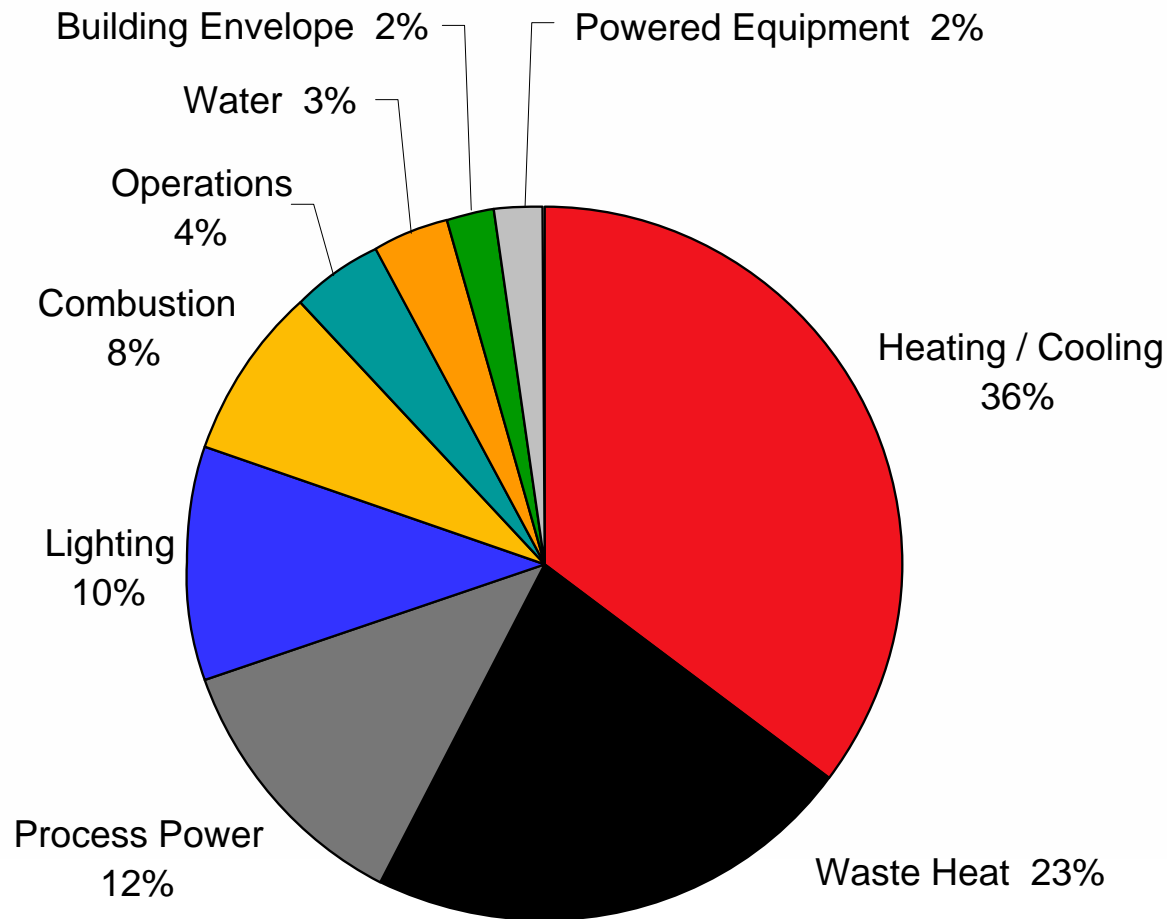
5) Fuel burning equipment, use and efficiency





Opportunities Found

Over 500 technically viable capital projects defined at first 15 US sites



Energy Efficiency Team

Site Teams

Capital projects are now evaluated for energy efficiency and greenhouse gas reduction

Energy Champions
Health, Safety,
Environment Council

Capital Council

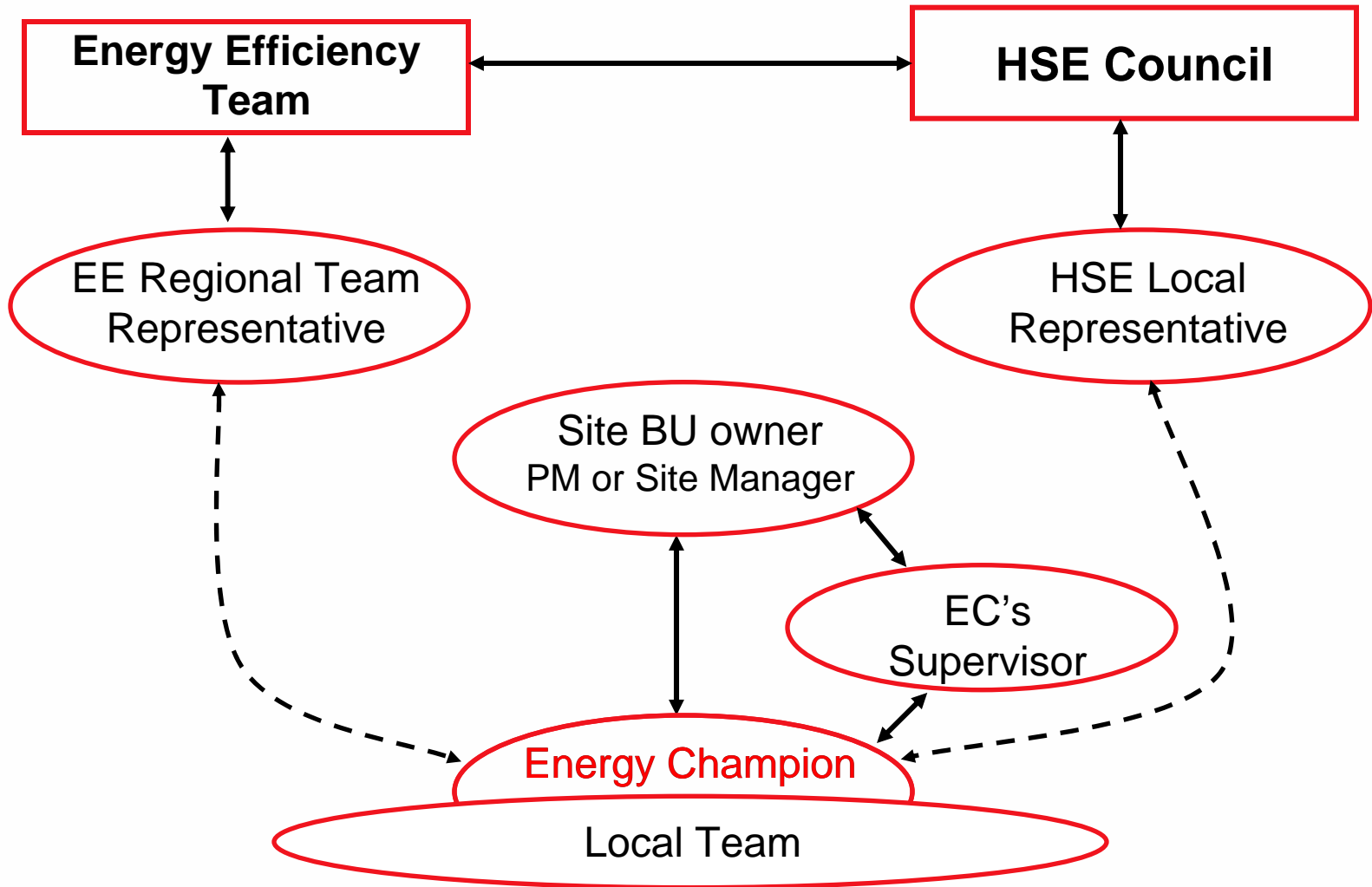
**Regional and
Business Facilities
Leaders**

Energy
Efficiency
Team

EET provides program management, goal setting, activity tracking, and accountability to progress

Responsible for development of new building and equipment standards for energy efficiency

The Energy Champion Support Network



Energy Efficiency Projects – *Already on the 2008 Radar*

**Target profitable
growth**

**Use COS to improve
business performance
and reduce costs**

**Data Center Projects:
Already in the
2008 Work Plans
of IT**

**Improve Worldwide Vendor Management
Implement Performance Metrics reporting System
Develop Service Cost Tracking Process**

**Expand Worldwide Vendor Management
Expand General IT Controls on Finance & IT Servers
Execute benchmarking Study with Shared Services
Improve Energy Efficiency on FTDC & CIDC**



Our Current Call to Action

- Become and/or Support Energy Champions at Your Site
- Model Personal Energy Efficiency at work and home
- Send your ideas **now** to: Energy Efficiency in Lotus Notes

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