



Supplier Proactive Communication

P.O.S.T.



PURPOSE

To communicate the changes and supplier expectations around Proactive Communication to the customer, in the event that non-conforming product may have shipped.



OUTCOME / ASK

After this presentation, Cummins' direct material suppliers will have a clear understanding of the expectations and will ensure the necessary actions for compliance occur.



STRUCTURE

Intended to be delivered via video-conference or in person.
Initial delivery will be to multiple suppliers and subsequent delivery will be 1-1 with SQIE



TIME

15 Minute Presentation
15 Minute Q&A

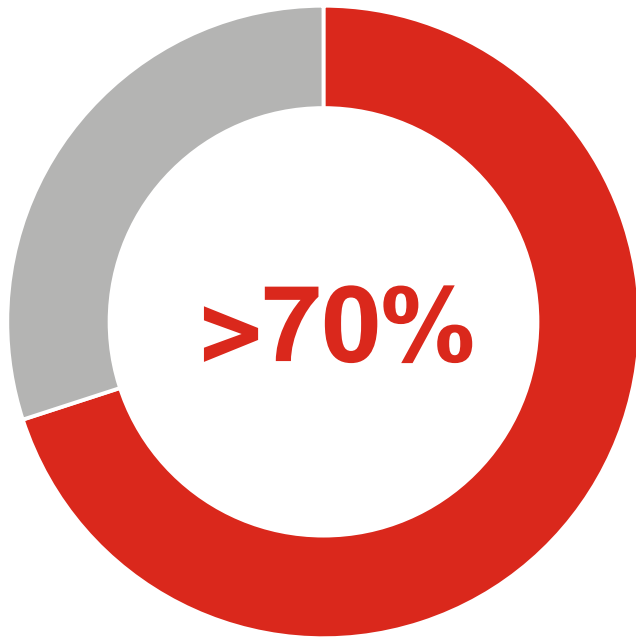
Our Cummins BRAND PROMISE

INNOVATION & DEPENDABILITY

By powering our customers through innovation and dependability, we power the future with products and services that improve people's lives.



Supplier partnerships are vital to success.

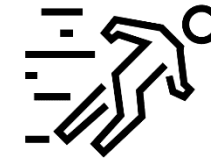
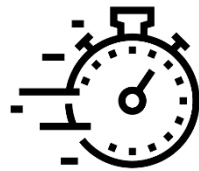


Total cost content on Cummins finished product from suppliers

DEPENDABILITY IS

0%

GOAL of ZERO DEFECTS & QUICKLY RESOLVING ISSUES



IMMEDIATE & PROACTIVE

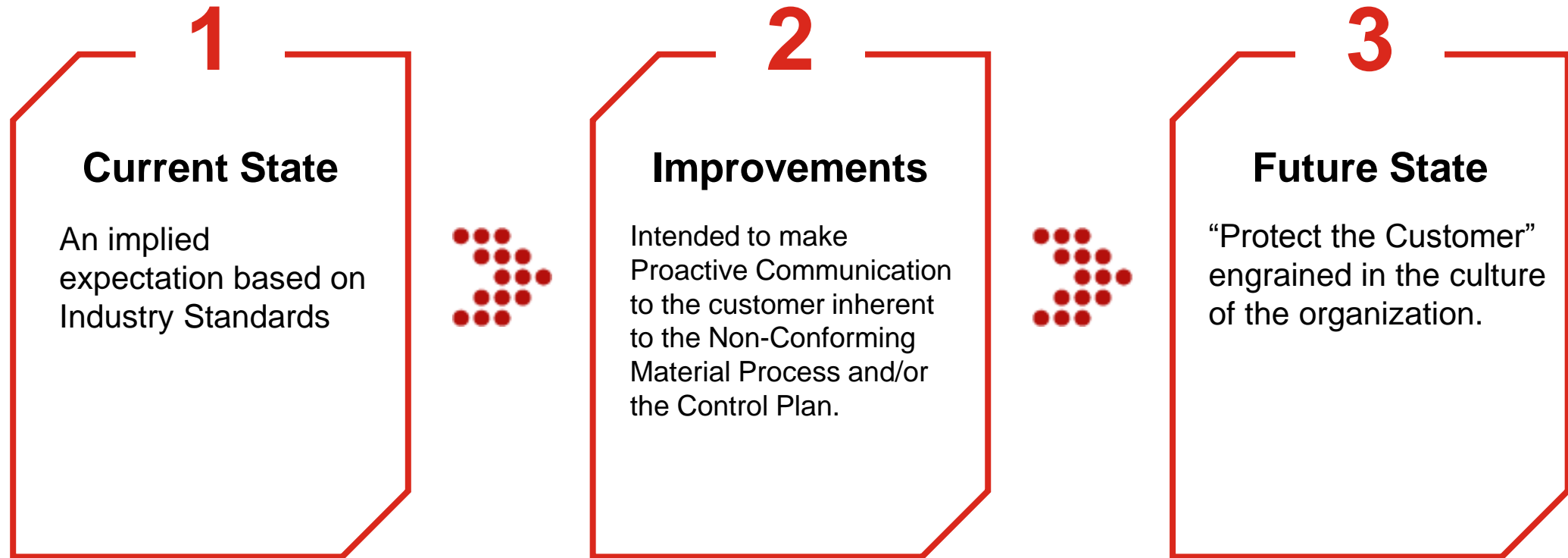
Supplier communications is critical to protecting the customer.

A complex network diagram with numerous nodes and connecting lines, rendered in shades of gray and black, occupies the left side of the slide. The nodes vary in size and some have concentric circles around them, suggesting different levels of connectivity or importance.

Supplier partnerships are vital to success.

**CUMMINS RELIES ON OUR DIRECT MATERIAL
SUPPLIERS IN ORDER TO ACHIEVE OUR BRAND
PROMISE OF INNOVATION AND DEPENDABILITY.**

Proactive Supplier Communication

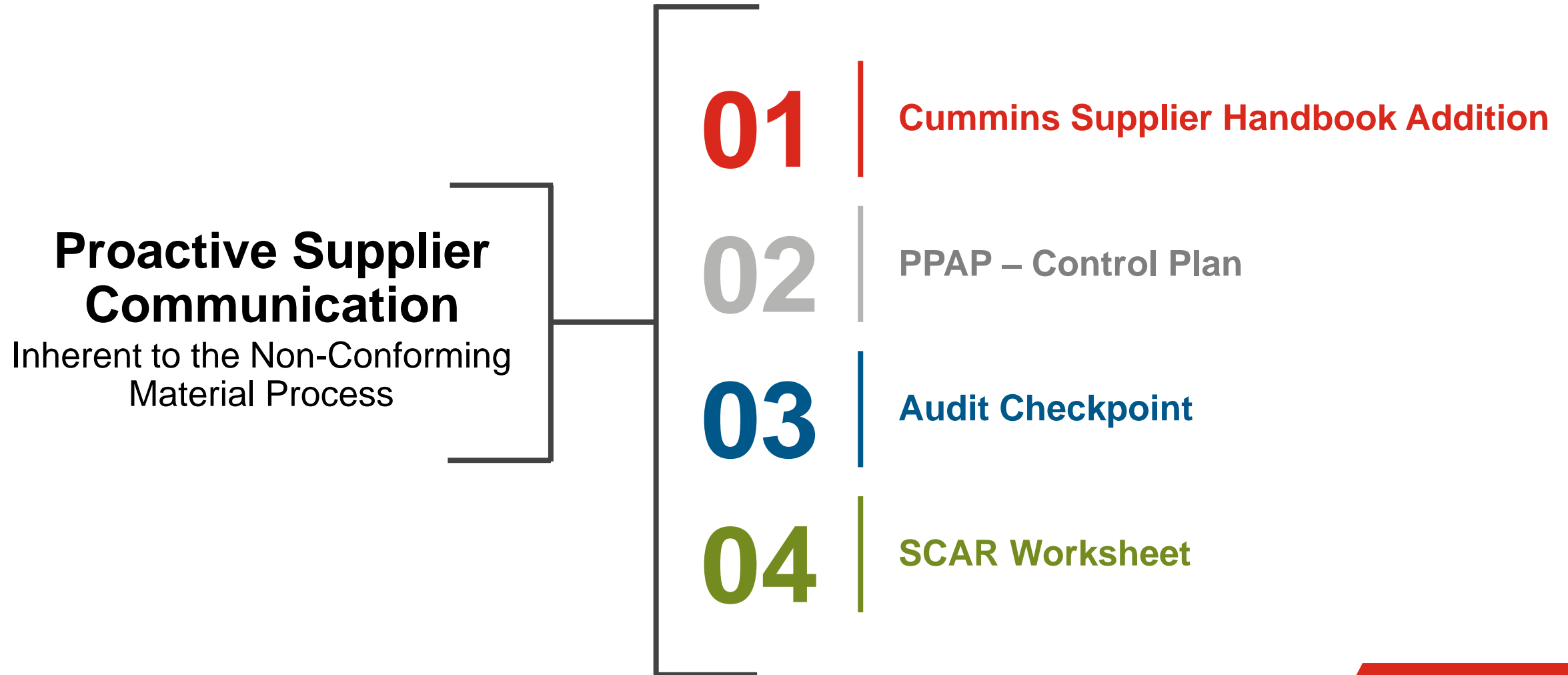


A complex network diagram with numerous nodes and connecting lines, primarily in shades of gray and black, occupying the left side of the slide.

Proactive Supplier Communication

DETAILS OF THE IMPROVEMENTS

Changes Visible to the Supply Base



01

Cummins Supplier Handbook Addition

Cummins expectations will be clearly stated in the Cummins Supplier Handbook

Industry Standards

ISO

8.7.1 The organization shall ensure that outputs that do not conform to their requirements are identified and controlled to prevent their unintended use or delivery.

The organization shall take appropriate action based on the nature of the nonconformity and its effect on the conformity of products and services. This shall also apply to nonconforming products and services detected after delivery of products, during or after the provision of services.

The organization shall deal with nonconforming outputs in one or more of the following ways:

- a) correction;
- b) segregation, containment, return or suspension of provision of products and services;

- c) informing the customer;
- d) obtaining authorization for acceptance under concession

Conformity to the requirements shall be verified when nonconforming outputs are corrected.

8.7.2 The organization shall retain documented information that:

- a) Describes the nonconformity;
- b) Describes the actions taken;
- c) Describes any concessions obtained;
- d) Identifies the authority deciding the action in respect of the nonconformity.

IATF

8.7.1.6 Customer Notification

The organization shall immediately notify the customer(s) in the event that nonconforming product has been shipped. Initial communication shall be followed with detailed documentation of the event.

01

Cummins Supplier Handbook Addition

Cummins expectations will be clearly stated in the Cummins Supplier Handbook

Cummins Standards

- W. Customer Notification (8.7.1)** The organization's Non-Conforming Material Process shall include immediate customer notification in the event that nonconforming product may have shipped.
- If a supplier notifies CMI that non-conforming product has been shipped, the MNC will charge the supplier with the actual number of defects that were already used in production. The unused parts will not count as defects toward the supplier.
 - Non-conforming products which have an approved waiver/deviation resulting from pro-active communication from the supplier (prior to use of any parts by CMI plant) will not count as defects toward the supplier.
 - Non-conforming products which have an approved waiver/deviation **NOT** resulting from pro-active communication from the supplier will count as defects toward the supplier.

02

PPAP – Control Plan

Suppliers are required to have a plan for customer notification

The Control Plan shall:

- Call the notification process out specifically
- OR-**
- Reference the non-Conforming Material Process that does



03

Audit Checkpoint

Future audits will require suppliers to provide evidence that Customer Notification is part of the reaction plan, if suspect material may have shipped.

The three Cummins audits that could be performed at a supplier are:

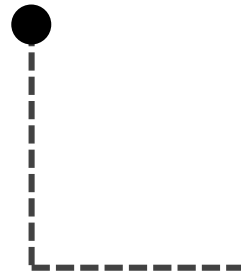


04

SCAR Worksheet

New SCAR Worksheet requires the Containment Actions to investigate whether the non-conformance was detected internally at the supplier and if CMI was notified if parts may have shipped

NEW
Language



2. Containment (Parts already produced and in the Supply Chain)

5a. Containment Actions Initiated within 24 hours of SCAR initiation date?

Were Containment Actions initiated within 24 hours of being notified of the defect?

Yes or No:

If No, how will you improve for future SCARs (refer to note below)?

Date Containment was initiated:

***Note: Containment should always be initiated within 24 hours, even if the potential Root Cause is not known and the part has not been returned. At a minimum the supplier shall initiate containment by verifying that their process is still capable of producing good parts, i.e. confirm Control Plan is being followed, SPC data, scrap, tooling life, etc.

5b. Containment Actions Initiated if Detected Internally

If this issue was detected internally & it may have shipped, was CMI immediately notified?

Yes or No:

If no, what was the issue that caused a breakdown of Customer Communication? Please explain below:

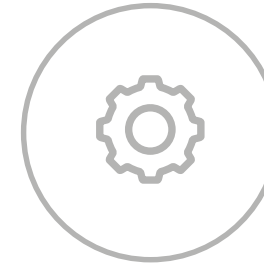
Key Takeaways



Cummins has updated its communications to **include requirements and checkpoints** around non-conforming product that may have shipped.



Expectations for suppliers are more clearly called out through this communication and future publications of the Cummins Supplier Handbook.



A customer **notification plan should be integrated into your processes** for non-conforming product that may have shipped.

A complex network diagram consisting of numerous nodes (circles) of varying sizes and colors (black, grey, white) connected by thin lines. The nodes are distributed across the left side of the slide, with a higher density of black nodes on the far left and more grey and white nodes towards the right. The lines form a web-like structure that fills the left half of the slide.

PROTECT THE CUSTOMER

If you potentially shipped non-conforming products, Cummins must be notified.

Q+A

