



Cummins CBAM Emissions Survey

Supplier Webinar

Presented by EY
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Agenda

1. Introduction to CBAM
2. Step-by-Step guide through Supplier Survey
3. Frequently Asked Questions

Today's presenters



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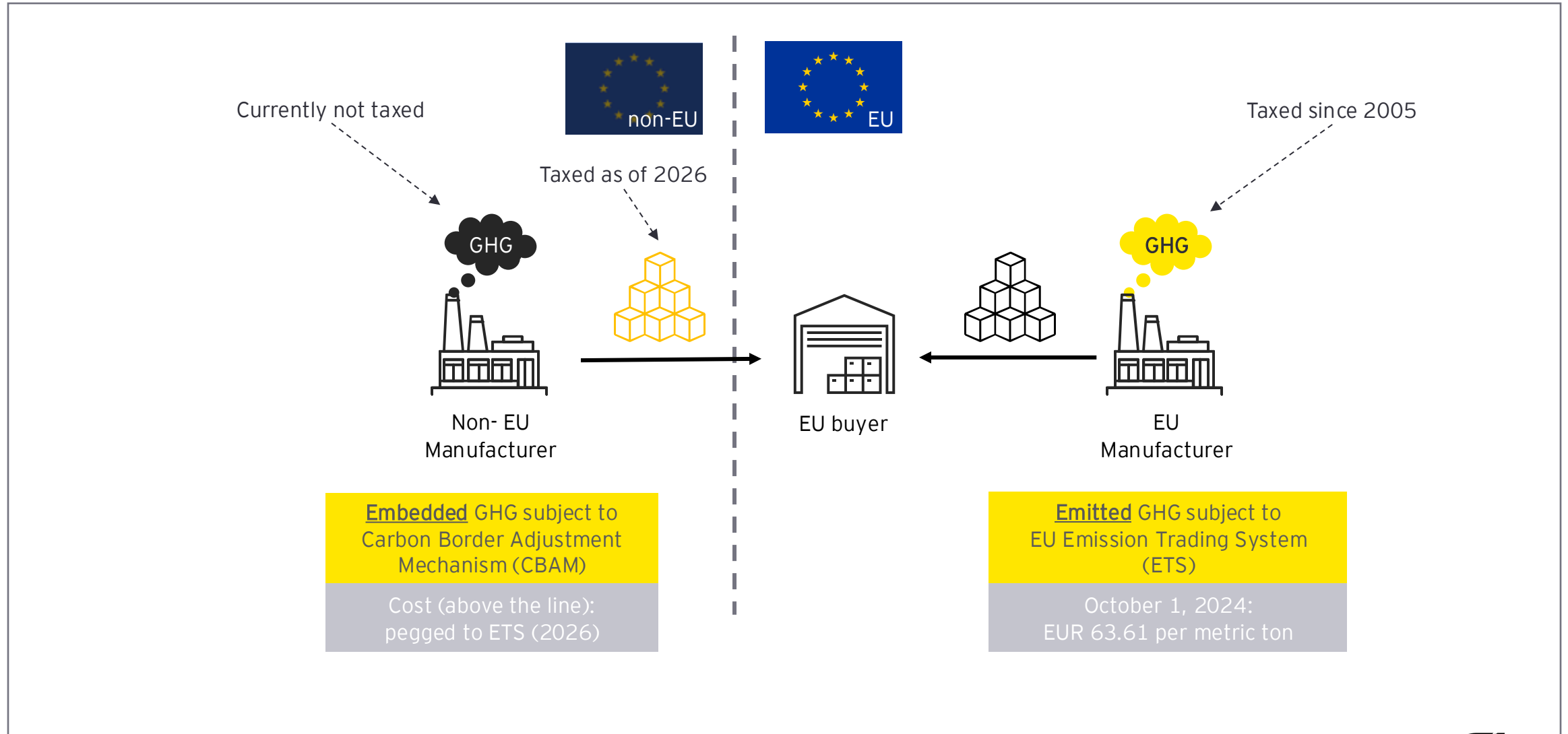
Introduction to CBAM



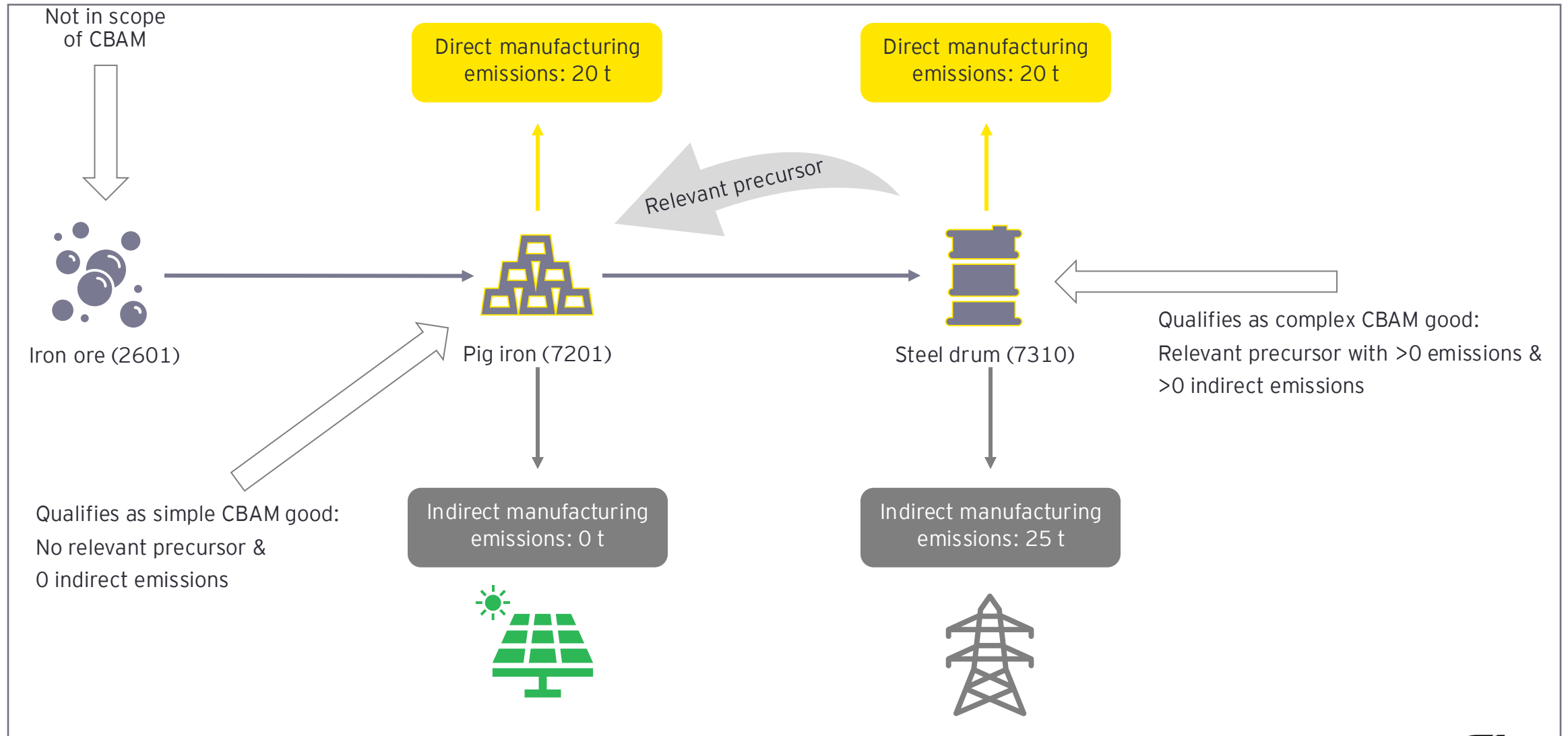
The better the question. The better the answer.
The better the world works.

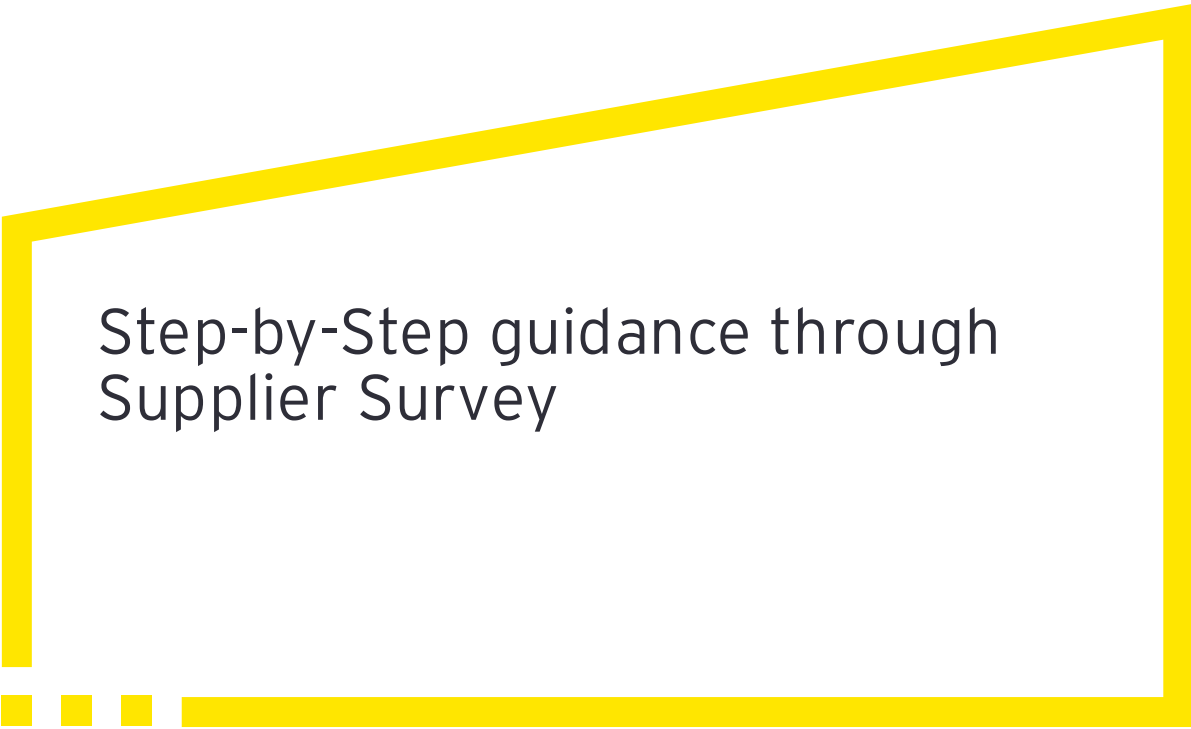


What is the Carbon Border Adjustment Mechanism (CBAM)?



What type of emissions are to be included in supplier responses?





Step-by-Step guidance through
Supplier Survey



The better the question. The better the answer.
The better the world works.



Information about the legal entity manufacturing the CBAM covered goods

Supplier name	Producer name	Producer country	Producer city	Part number
SUPPLIER NAME	SUPPLIER NAME	United States	COLUMBUS	1234-5678-90
SUPPLIER NAME	SUPPLIER NAME	United States	COLUMBUS	1234-5678-91
SUPPLIER NAME	SUPPLIER NAME	United States	COLUMBUS	1234-5678-92
SUPPLIER NAME	SUPPLIER NAME	United States	COLUMBUS	1234-5678-93
SUPPLIER NAME	SUPPLIER NAME	United States	COLUMBUS	1234-5678-94
SUPPLIER NAME	SUPPLIER NAME	United States	COLUMBUS	1234-5678-95
SUPPLIER NAME	SUPPLIER NAME	United States	COLUMBUS	1234-5678-96
SUPPLIER NAME	SUPPLIER NAME	United States	COLUMBUS	1234-5678-97
SUPPLIER NAME	SUPPLIER NAME	United States	COLUMBUS	1234-5678-98
SUPPLIER NAME	SUPPLIER NAME	United States	COLUMBUS	1234-5678-99

- ▶ Supplier and producer details are prepopulated based on information available to Cummins; please review and amend where appropriate
- ▶ Information may be different from part number to part number
- ▶ Supplier and producer do not have to be the same legal entity
- ▶ If you are the supplier, but not the producer, please revert the request to provide the details in the survey to your supplier/producer

Information about the CBAM covered goods

- ▶ Part number and commodity code have been prepopulated based on information available to Cummins
- ▶ It is possible that the part number and commodity code combination are not familiar to you
- ▶ Please note that it is up to the discretion of the importer (Cummins) to designate the commodity code that is valid in the country of import
- ▶ The commodity code used for export and the commodity code used for import may therefore not align

Part number	Commodity code CN8
1234-5678-90	73182100
1234-5678-91	73181595
1234-5678-92	73181595
1234-5678-93	73181595
1234-5678-94	73182200
1234-5678-95	73182200
1234-5678-96	73182200
1234-5678-97	73182200
1234-5678-98	73181588
1234-5678-99	73181588

Information about where the CBAM covered goods are manufactured

Commodity code CN8	Country where goods manufactured	City where goods manufactured	Address details of manufacturing location (street name, number, zip code, state/province)
73182100	United States	COLUMBUS	500 Jackson St, Columbus, IN 47201
73181595	United States	COLUMBUS	501 Jackson St, Columbus, IN 47201
73181595	United States	COLUMBUS	502 Jackson St, Columbus, IN 47201
73181595	United States	COLUMBUS	503 Jackson St, Columbus, IN 47201
73182200	United States	COLUMBUS	504 Jackson St, Columbus, IN 47201
73182200	United States	COLUMBUS	505 Jackson St, Columbus, IN 47201
73182200	United States	COLUMBUS	506 Jackson St, Columbus, IN 47201
73182200	United States	COLUMBUS	507 Jackson St, Columbus, IN 47201
73181588	United States	COLUMBUS	508 Jackson St, Columbus, IN 47201
73181588	United States	COLUMBUS	509 Jackson St, Columbus, IN 47201

- ▶ Manufacturing location details are prepopulated based on information available to Cummins; please review and amend where appropriate
- ▶ If the country of origin (customs) is available and is the same as the country of establishment of the supplier, the address details are prepopulated
- ▶ The address where the producer is established does not have to be the same as the address where the manufacturing takes place
- ▶ If you are the supplier, but not the producer, please revert the request to provide the details in the survey to your supplier/producer

Information about embedded emissions (1/4)

Part number	Actual embedded emissions available	Direct embedded emissions reporting methodology	Direct embedded emission factor
1234-5678-90	Yes	In accordance with EU Commission CBAM rules	
1234-5678-91	Yes, direct embedded emissions only	Mostly based on national standards	
1234-5678-92	Yes, direct embedded emissions but pending receipt of third party precursor details	Mostly based on sector-specific standards	
1234-5678-93		Mostly based on international standards	
1234-5678-94			
1234-5678-95			
1234-5678-96			
1234-5678-97			
1234-5678-98			
1234-5678-99			

Actual embedded emissions available:

- ▶ “Yes” means you have direct (scope 1), indirect (scope 2) and (if relevant) precursor emissions available and will include these in the survey response
- ▶ “Yes, direct embedded emissions only” means you have direct and (if relevant) precursor emissions available and will include these in the survey response
- ▶ “Yes, direct embedded emissions but pending receipt of third-party precursor details” means that you only have direct emissions available for your own manufacturing operations, but have not received emissions data from the supplier of the relevant precursor

Information about embedded emissions (2/4)

Part number	Actual embedded emissions available	Direct embedded emissions reporting methodology	Direct embedded emission factor
1234-5678-90	Yes	In accordance with EU Commission CBAM rules	
1234-5678-91	Yes, direct embedded emissions only	Mostly based on national standards	
1234-5678-92	Yes, direct embedded emissions but pending receipt of third party precursor details	Mostly based on sector-specific standards	
1234-5678-93		Mostly based on international standards	
1234-5678-94			
1234-5678-95			
1234-5678-96			
1234-5678-97			

Insofar actual embedded emission values are included in the survey response (for Q3 and Q4 2024 only):

- ▶ Select “In accordance with EU Commission CBAM rules” in case the emissions were measured and calculated exactly in line with the EU CBAM rules - please note that we would not expect this to apply to any responses currently (Q3 and Q4 2024), but it should be the only option as of 2025 reporting cycles
- ▶ Select “Mostly based on national standards” if the emissions were calculated leveraging a carbon tax or reporting regime that applies in the country of production (e.g., UK ETS)
- ▶ Select “Mostly based on sector-specific standards” if the emissions were calculated leveraging a sector-specific standards (e.g., as commonly applied in the cement industry)
- ▶ Select “Mostly based on international standards” if the emissions were calculated leveraging international standards (e.g., GHG (Kyoto) Protocol)

Under direct embedded emission factor:

- ▶ Enter the amount of emissions (tons) for the production of each 1 (one) ton of CBAM covered goods

Information about embedded emissions (3/4)

Part number	Indirect embedded emissions reporting methodology	Source of emission factor	Other source indication	Source of other emission factor	Emission factor
1234-5678-90	Actual values	Commission based on IEA data			
1234-5678-91	Default values as published by the EU Commission	Other			
1234-5678-92					
1234-5678-93					
1234-5678-94					
1234-5678-95					

- ▶ Indicate whether actual values are available by selecting “Actual values” or “Default values”
- ▶ If selecting Default values because actuals are not (yet) available to you, skip completing the remainder of the above fields

If selecting Actual values for Indirect embedded emissions:

- ▶ Select the source of the emission factor. The emission factor is multiplied by the amount of electricity used (MWh / ton) to calculate the indirect embedded emissions factor. We are expecting responses to mostly include “Commission based on IEA data”, unless an evidently more accurate factor is available to you.
- ▶ When selecting “Commission based on IEA data”, skip completing the remainder of the above fields
- ▶ When selecting “Other” for source of emission factor:
 - ▶ Under “Other source indication”, provide for a reason why the other source provides for a more accurate factor than the IEA emission factor
 - ▶ Under “Source of other emission factor”, provide for a reference to (webpage address) or name of the source of the other emission factor used
 - ▶ Under “Emission factor”, enter the other emission factor

Information about embedded emissions (4/4)

Part number	Electricity consumed (MWh/tonnes of goods)	Source of electricity
1234-5678-90		Direct technical link to electricity generator
1234-5678-91		(Bilateral) power purchase agreement
1234-5678-92		Received from the grid
1234-5678-93		
1234-5678-94		
1234-5678-95		
1234-5678-96		
1234-5678-97		
1234-5678-98		
1234-5678-99		

Only required when providing actual emission values for indirect emissions:

- ▶ Enter the amount of electricity used (in MegaWatt hours) for the production of each 1 (one) ton of CBAM covered goods
- ▶ Indicate the source of the electricity used in production. We are expecting responses to mostly include “Received from the grid”, unless e.g., electricity is generated on site.

Information about production methods and main reducing agents

Production method ID and name	Direct Qualifying Parameter
P34 - Iron or steel products	QPD11 - The main reducing agent used in the production of the precursor (pig iron or direct reduced iron), if known. If more than one is used, fill in the one which is predominant in the production process.
P35 - Basic oxygen steel making	QPD11 - The main reducing agent used in the production of the precursor (pig iron or direct reduced iron), if known. If more than one is used, fill in the one which is predominant in the production process.
P36 - Basic oxygen steel making (incl. Blast furnace)	QPD11 - The main reducing agent used in the production of the precursor (pig iron or direct reduced iron), if known. If more than one is used, fill in the one which is predominant in the production process.
P37 - Basic oxygen steel making (incl. Melting reduction)	QPD11 - The main reducing agent used in the production of the precursor (pig iron or direct reduced iron), if known. If more than one is used, fill in the one which is predominant in the production process.
P38 - Electric arc furnace	QPD11 - The main reducing agent used in the production of the precursor (pig iron or direct reduced iron), if known. If more than one is used, fill in the one which is predominant in the production process.
P39 - Electric arc furnace (alloy steels)	QPD11 - The main reducing agent used in the production of the precursor (pig iron or direct reduced iron), if known. If more than one is used, fill in the one which is predominant in the production process.
P40 - Electric arc furnace (carbon steel, from direct reduced iron)	QPD11 - The main reducing agent used in the production of the precursor (pig iron or direct reduced iron), if known. If more than one is used, fill in the one which is predominant in the production process.
P41 - Electric arc furnace (general)	QPD11 - The main reducing agent used in the production of the precursor (pig iron or direct reduced iron), if known. If more than one is used, fill in the one which is predominant in the production process.
P42 - Primary (electrolytic) smelting	QPD11 - The main reducing agent used in the production of the precursor (pig iron or direct reduced iron), if known. If more than one is used, fill in the one which is predominant in the production process.
P43 - Secondary melting (recycling)	QPD11 - The main reducing agent used in the production of the precursor (pig iron or direct reduced iron), if known. If more than one is used, fill in the one which is predominant in the production process.

The Production Method:

- ▶ The method of production of the CBAM covered goods. This is standard defaulted to P34 - Iron and steel products for commodity codes in chapters 72 and 73, and to P45 - Aluminum products for commodity codes in chapter 76. Please review whether this default applies to the production process and update with an alternative, better description of the production process from the dropdown box. A couple of alternative examples are outlined above.

The Direct Qualifying Parameter:

- ▶ The Direct Qualifying Parameter should represent the main reducing agent used in the production of the precursor. If there is more than one, fill in the one which is predominant in the production process.
- ▶ Enter the name of the main reducing agent in the Direct Qualifying Parameter Value field.

Frequently Asked Questions



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I don't supply any CBAM covered goods to Cummins...

... Why am I asked to complete the survey?

Cummins' supplier outreach program is based on suppliers that have supplied goods classified under commodity codes in scope of CBAM reporting.

Please note that it is up to the discretion of the importer (Cummins) to designate the commodity code that is valid in the country of import.

The commodity code used for export and the commodity code used for import may therefore not align.

I don't know how to complete the survey?

We acknowledge that the calculation of embedded emissions, especially in accordance with the Commission Rules, can be complex.

The EU Commission has published guidance and templates to help producers determine the embedded emissions of the CBAM goods they produce in non-EU countries.

More information can be found [here](#).

What is the purpose of providing this data to Cummins?

CBAM is a regulatory requirement for Cummins to comply with, while having to rely on data that is not available to us, but only to our suppliers. The foundation of Cummins' [Code of Conduct](#) is based on 10 Ethical Principles, number 1 of which states that:

We will follow the law everywhere.

As an importer (Cummins) we are required to demonstrate that we undertook all efforts which can reasonably be expected from us to retrieve from their suppliers the necessary data on actual embedded emissions. This is also in view of our internal operational capacities and our suppliers' ability to determine actual emissions.

A good cooperation between Cummins and our suppliers is crucial. The Commission has published guidance and templates to help producers determine the embedded emissions of the CBAM goods they produce in non-EU countries.

More information can be found [here](#).

I do not manufacture the part numbers in my survey...

... What do I do?

Actual emissions can only be calculated based on information available to the manufacturer of the CBAM covered goods and the manufacturer of relevant precursors (if any).

If you are not the manufacturer of the CBAM covered goods in your survey, you should ask your supplier for the emissions data required to complete the Cummins Supplier Survey.

If you are the manufacturer of the CBAM covered goods, but you are not the manufacturer of the relevant precursor materials, you should ask your supplier for the emissions data in relation to the production of this precursor material.

I don't know where to get this information...?

... Where do I start?

In some countries, emissions data has to be reported or publicly disclosed for other reasons than CBAM. Typically, we see that departments (e.g., EHS, SHEQ, Product Compliance or Product Environmental Compliance) that are responsible for such reports or disclosures, may have more in depth knowledge on emission calculation methods in general.

Consulting these departments can be helpful in better understanding the data required to complete the Supplier Survey.

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