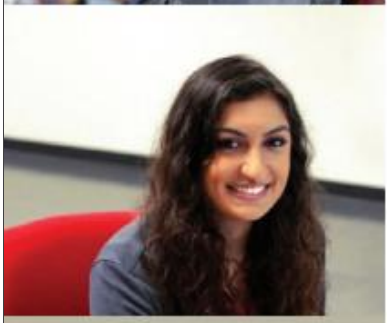
SUPPLIER LOGISTICS MANUAL

Technical perfection made by Motherson



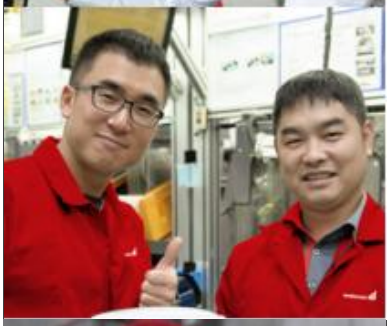


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Table of Contents

1. Supplier Logistics Manual

1.1 Purpose

The purpose of this manual is to:

- Give an overview of Motherson SAS supply chain operations.
- Give the suppliers the list of Motherson SAS documents to ensure smooth flow of parts along the whole chain.
- Promote a good business relationship between suppliers and Motherson SAS based on mutual learning and evolution.

This Supplier Logistics Manual ("SLM") defines standards for relations between Motherson SAS and its suppliers and reflect what Motherson SAS expects from them, starting from proposal to series production.

The Manual is incorporated into each purchase order Motherson SAS issues to a supplier. Therefore, it is considered as accepted by the supplier. It applies to all Motherson SAS suppliers. It should be read by all Supplier Senior Management members and all different key players of Motherson SAS logistics systems.

1.2 Document updated

When this manual is revised, it will automatically be sent via email to the suppliers. They must then update their own files and dispose of the old version. When Motherson SAS refers to SLM, it will always be to the latest version.

1.3 Confidentiality

The materials contained in this SLM and, without limitation, the concepts, and procedures herein, are proprietary trade secrets of Motherson SAS and therefore must be handled by the supplier with the strictest confidence. The supplier must return this SLM as soon as its relationship with Motherson SAS ends.

1.4 Copyrights

1.5 Additional information

This is a living document that can be changed including but not limited to:

- EDI infrastructure
- Invoice processes
- Supplier Logistics Performance
- Engineering Changes.

2. Motherson SAS Logistics Principles

2.1 Motherson SAS Strategy

Motherson SAS is developing a pull-flow production strategy that closely involves the supplier. This strategy is based on simple concepts, including:

1. Small manufacturing batches
2. Reusable containers
3. Easy-to-handle small boxes
4. Frequent deliveries
5. Smoother production and supply.

Motherson SAS applies the following concepts in the context of supplier relations:

- A Supplier Logistics Agreement is signed between Motherson SAS and each supplier at program launch to define Packaging, Transport & Information flows, and Contact list.
- Small reusable boxes and identification of components by standard labelling products in PPQA (Product-Process Quality Assurance) are targeted.
- Utilization of Electronic Data Interchange systems is mandatory (EDI).
- Motherson SAS delivery calls are expressed by supply programs also called parts releases. They describe at the material level quantities to be delivered per day or per week.
- Supplier delivery performance is measured.
- The invoice process must be secured to work properly.
- Motherson SAS has a clear process in case of engineering change and phase out.

2.2 Efficient Logistics Systems

2.2.1 Suppliers must provide what is needed, only when needed in the quantity needed

It is important for suppliers to deliver the exact quantity requested at the right time.

A clear instruction is given to suppliers with exact quantity and time of collection or delivery

Suppliers can then focus on optimizing production and preparing parts in advance, respecting quantity, quality, and time of collection.

Suppliers must alert Motherson SAS as soon as they know they cannot deliver. Alert can be a phone call but must always be formalized by e-mail.

As a counterpart, suppliers' performance is measured by adherence to releases according to contractual obligations (no backlog) and target is 100%, when not satisfactory, corrective actions are requested and might result in a chargeback.

2.2.2 Frequent and mixed deliveries

Our objective is to receive parts at the same pace that we use them in our processes = Continuous flow of delivery.

To do so, we need to receive parts at a high frequency in the right mix and achieve just-in-time delivery conditions.

This means receptions at equal pitches (regular frequency) and a consistent small delivery lot of parts.

To minimize special logistics costs and inventory throughout the whole logistics chain, our expectation is that each supplier's shipping areas are open according to the Motherson SAS shipping plan and collection times and

frequencies are supported. This may require 24-hour opening of dispatch areas.

This also means mixed pallets from suppliers, if relevant, with a direct reduction on costs and overburden, both at supplier and Motherson SAS plant.

For suppliers, this leads to a smaller inventory, an optimized surface, better visual management, and increased productivity.

To ensure a good consistency between trucks' content and an optimized cubic efficiency of loads, Motherson SAS organizes and controls transportation. Incoterms conditions are considered as FCA- SUPPLIER SITE, as much as possible.

An optimized supply chain is only achieved through clear and standardized processes.

Supplier resources are minimized when Motherson SAS standards are integrated in their shipping process.

Our objective is to facilitate your parts preparation process, the loading process and part checking process.

Smooth and repetitive demand will help you, as well as an efficient use of information and documents.

3. Supplier Logistics Agreement & Related documents

3.1 Supplier Logistics Agreement

The Supplier Logistics Agreement (SLA) indicates the details of the signatories and when its related documents must be completed.

The related documents are:

- Supplier Logistics Agreement: This document will formalize supplier agreement with all the items in the SLM and the following documents:
- Packaging Data Sheet (PDS) – 1 per part family or part number: dimensions, weight, stackability, labelling, lot size, etc.
- Packaging loop calculation
- Transport & Information Data Sheet (TIDS) – 1 per Motherson SAS plant: incoterm, frequency, pick-up times, forecast and firm period format, horizon, timing, etc.
- Motherson SAS Incoterms refers to Incoterms® 2020.
- Contact Data Sheet – 1 per Motherson SAS plant: contact details at Supplier and Motherson SAS concerning Plant management, Sales/Buyer, Quality, Logistics, EDI, Emergency, etc.

Motherson SAS Supplier EDI Parameter Sheet – 1 per Motherson SAS plant: IT contact and data required for EDI setup

3.2 Related Documents

3.2.1 Supplier Logistics Agreement

Between

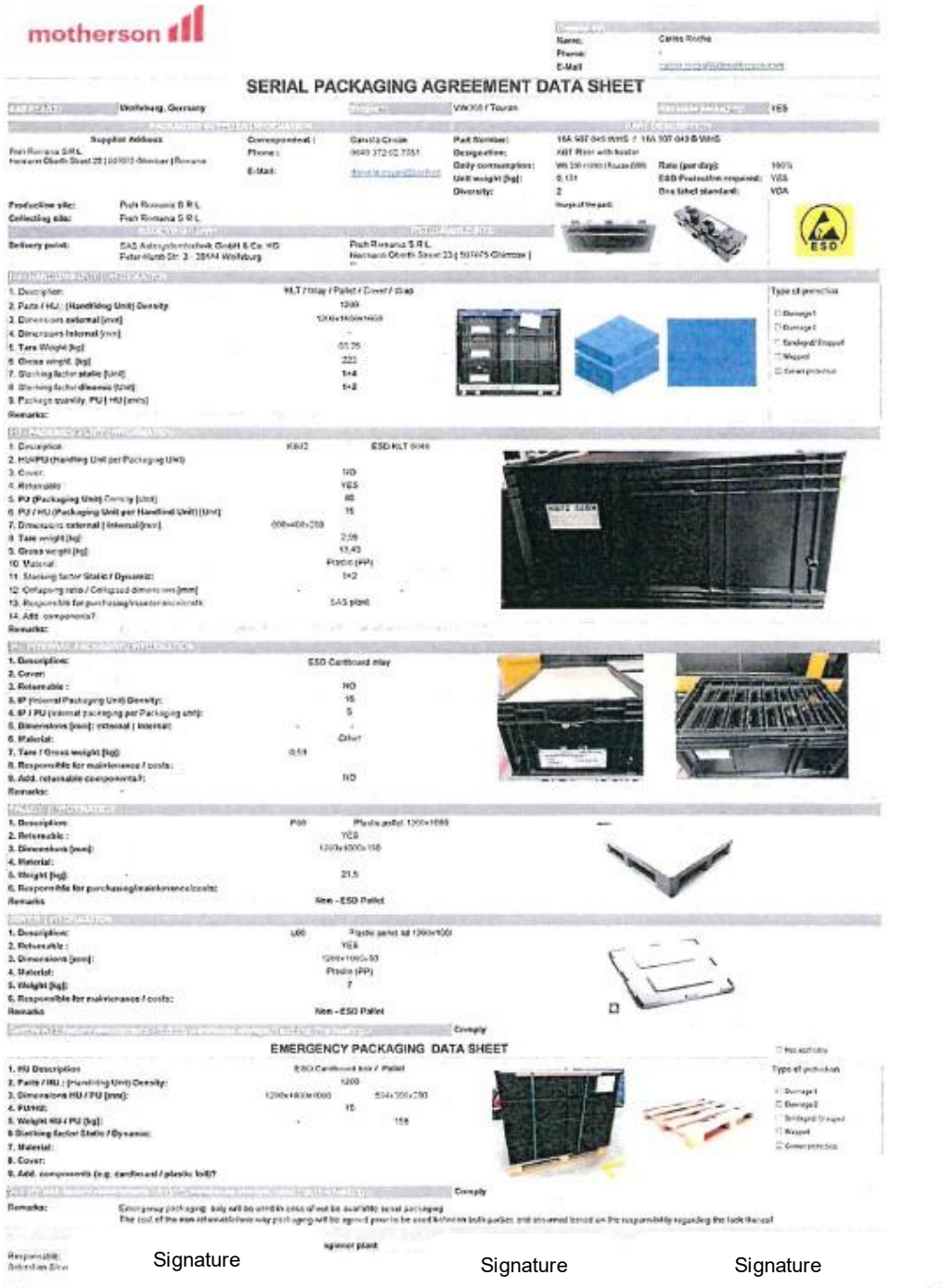
MOTHERSON SAS		SUPPLIER	
Plant		Name	
		Supplier Code	
Street		Street	
Postcode		Postcode	
Town		Town	
Country		Country	

The signatories commit themselves to respect the due dates for the documents listed below.

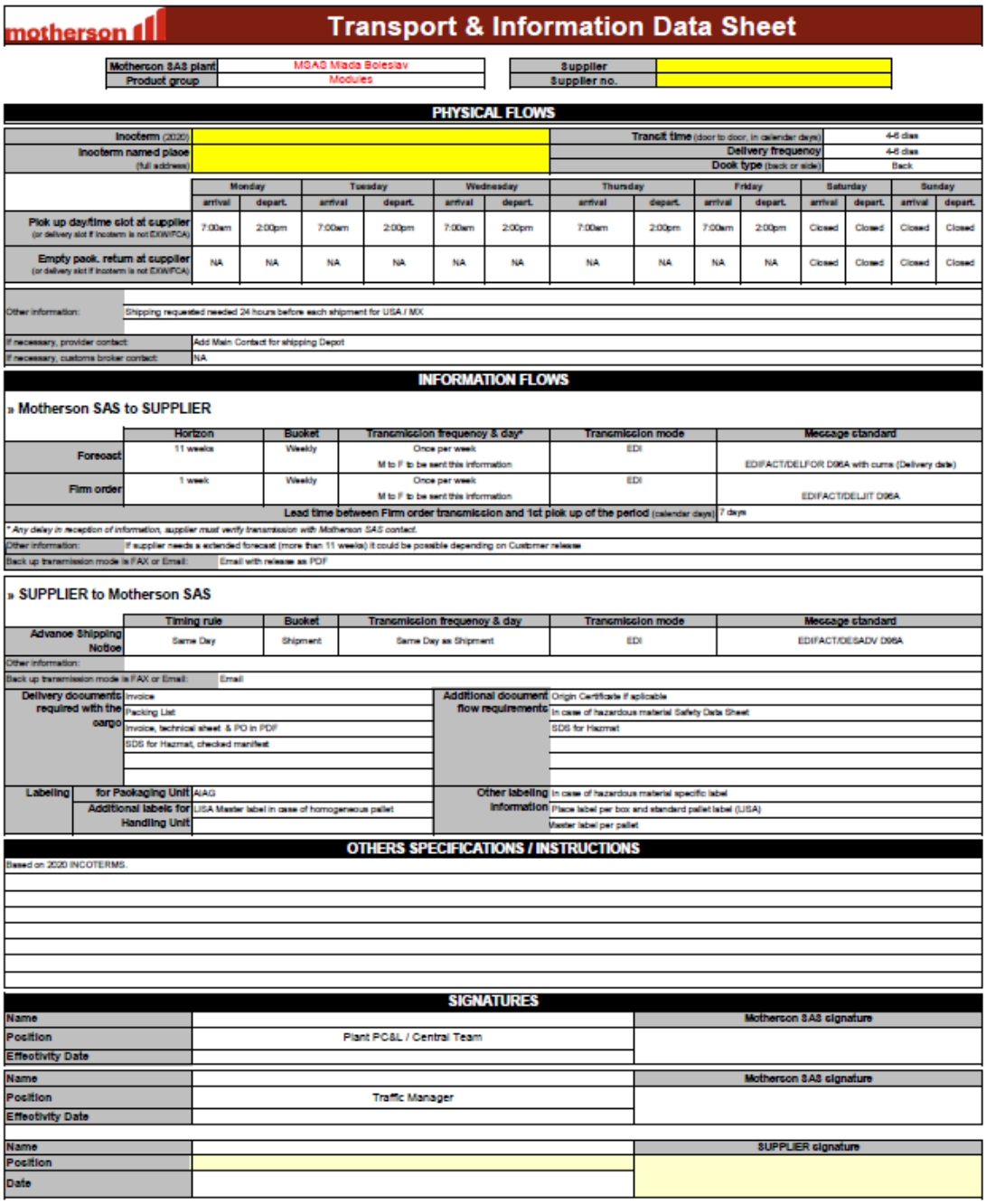
- ✓ Packaging Data Sheet
- ✓ Transport & Information Data Sheet
- ✓ Contact List Data Sheet

	At Supplier RFQ	At Supplier Sourcing	At Program Hand-Over to Plant	During Serial Life
Due dates	DD/MM/YYYY	DD/MM/YYYY	DD/MM/YYYY	DD/MM/YYYY
Packaging Data Sheet	Motherson SAS makes recommendations (Lot size, Packaging, etc.)	Progressive fulfillment and update	Finalized and **validated by both parties**	Updated and validated if evolution
Transport & Information Data Sheet	Motherson SAS makes recommendations (Incoterm, frequency, etc.)	Progressive fulfillment and update	Finalized and **validated by both parties**	Updated and validated if evolution
Contact List Data Sheet	-	-	**Finalized by both parties**	Updated if evolution
Motherson SAS Supplier EDI Parameter Sheet	-	Completed and sent by Supplier to Motherson SAS EDI team	-	

3.2.2 Packaging Data Sheet



3.2.3 Transport & Information Data Sheet



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Transport & Information Data Sheet

Motherson SAS plant:	MSAS Mlada Boleslav	Supplier	
Product group	Modules	Supplier no.	

PHYSICAL FLOWS

Incoterm (2020)							Transit time (door to door, in calendar days)						4-6 días		
Incoterm named place (full address)							Delivery frequency						4-6 días		
							Dock type (back or side)						Back		
	Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday		
	arrival	depart.	arrival	depart.	arrival	depart.	arrival	depart.	arrival	depart.	arrival	depart.	arrival	depart.	
Pick up daytime slot at supplier (or delivery slot if incoterm is not EXW/FCA)	7:00am	2:00pm	7:00am	2:00pm	7:00am	2:00pm	7:00am	2:00pm	7:00am	2:00pm	Closed	Closed	Closed	Closed	
Empty pack. return at supplier (or delivery slot if incoterm is not EXW/FCA)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Closed	Closed	Closed	Closed	

Other information:	Shipping requested needed 24 hours before each shipment for USA / MX
If necessary, provider contact:	Add Main Contact for shipping Depot
If necessary, customs broker contact:	NA

INFORMATION FLOWS

» Motherson SAS to SUPPLIER

	Horizon	Bucket	Transmission frequency & day*	Transmission mode	Message standard
Forecast	11 weeks	Weekly	Once per week M to F to be sent this information	EDI	EDIFACT/DELFOR D96A with cums (Delivery date)
Firm order	1 week	Weekly	Once per week M to F to be sent this information	EDI	EDIFACT/DELJIT D96A
Lead time between Firm order transmission and 1st pick up of the period (calendar days)					7 days

*Any delay in reception of information, supplier must verify transmission with Motherson SAS contact.

Other information:	If supplier needs a extended forecast (more than 11 weeks) it could be possible depending on Customer release
Back up transmission mode is FAX or Email:	Email with release as PDF

» SUPPLIER to Motherson SAS

	Timing rule	Bucket	Transmission frequency & day	Transmission mode	Message standard
Advance Shipping Notice	Same Day	Shipment	Same Day as Shipment	EDI	EDIFACT/DESADV D96A

Other information:	
Back up transmission mode is FAX or Email:	Email

Delivery documents required with the cargo	Invoice	Additional document flow requirements	Origin Certificate if aplicable
	Packing List		In case of hazardous material Safety Data Sheet
	Invoice, technical sheet & PO in PDF		SDS for Hazmat
	SDS for Hazmat, checked manifest		

Labeling	for Packaging Unit	AIAG	Other labeling information	In case of hazardous material specific label
	Additional labels for Handling Unit	USA Master label in case of homogeneous pallet		Place label per box and standard pallet label (USA)
				Master label per pallet

OTHERS SPECIFICATIONS / INSTRUCTIONS

Based on 2020 INCOTERMS.

SIGNATURES

Name		Motherson SAS signature
Position	Plant PC&L / Central Team	
Effectivity Date		

Name		Motherson SAS signature
Position	Traffic Manager	
Effectivity Date		

Name		SUPPLIER signature
Position		
Date		

3.2.4 Contact List data sheet

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Dear supplier,

according to information from Customer-purchasing was your company nominated as supplier of parts incoming to cockpit-module of [...].
Since company SAS Autosystemtechnik became a supplier with full responsibility for cockpit-module, we want to ask you to fulfill the following questionnaire, which will make our cooperation easier.

1 Name of your company

2 Contact persons within your company

	Name	E-Mail	Phone Nr.	Fax
PLANT				
Managing director				
Quality				
IT				
EDI				
Quality				
Production				
Logistics				
Disposition				
HOT LINE				
PROJECT				
Project manager				
Logistics planner				
Quality planner				
PPAP responsible				

4. Packaging & Labelling

4.1 Packaging Principles

Motherson SAS's strategy is to use as much small returnable packaging as possible.

Using small returnable packaging generates benefits for both suppliers and Motherson SAS as:

- Improved ergonomics
- Elimination of waste
- Optimization of transport
- Manual line feeding, reducing needs of forklifts
- Reduction of space needs at the production lines
- Improved direct labor efficiency.

4.2 Packaging Development Process

4.2.1 Packaging concept agreement

During the Request For Quotation process (RFQ) Motherson SAS will propose to the supplier the packaging concept to be considered for the quotation through the Supplier Logistics Agreement "Packaging Data Sheet" including the estimated packaging fleet needed for series production.

Supplier is entitled to propose any improvement / alternative to the concept proposed based on its expertise as provider of the components to quote

4.2.2 Packaging prototype

After the concept agreement, the supplier must order a packaging prototype as agreed during the RFQ phase and present it to Motherson SAS for validation. All the parts and transport needed to get the packaging fully validated must be considered by the Supplier in the cost provided at the RFQ phase. No additional order will be placed by Motherson SAS for packaging validation purposes after supplier nomination.

Weight restrictions:

Without specific local regulation, the Motherson SAS standard maximum weight of small load full packaging is 12 kg (26 lbs.). In case of deviations required based on ergonomics guidelines and standards, it will be specified by Motherson SAS on the Packaging Data Sheet.

Stackability restrictions:

Any alternative packaging that is used must have the same stackability and thickness as the original one.

If for any reason exceptional packaging must be used and deviates from standard, it must be approved first by Motherson SAS at the plant (operational approval before prior usage).

Expendable packaging prices must be defined and approved by both parties beforehand. (Commercial teams).

The steps are as follows:

1. Plant approves exceptional packaging by email
2. Creation of alternative exceptional packaging in ERP as normal one
3. Shipment through EDI with alternative packaging
4. Good reception with new alternative packaging
5. Payment will only be made after proof that alternative packaging was used and visible in ERP.

4.2.3 Pre-series Packaging

Once the packaging prototype is validated, the "Packaging Data Sheet" will be updated (if applicable) and released. Supplier will order a packaging pre-series to be used during Suppliers' MPT and for parts shipments to Motherson SAS for the internal MPT.

For low complexity packaging and with Motherson SAS agreement this step could be eliminated

4.2.4 Series Packaging

During MPT, packaging will be used in serial conditions. If no issue is reported, series packaging orders will have to be placed by the supplier to have the full packaging fleet in place early enough before SOP to support all shipments with the final agreed packaging

4.2.5 Investment rules

- Investment rules for Packaging can either be SAS funded, or supplier funded. In the case that packaging investment is supplier-funded, the cost will be recovered by the supplier via purchasing piece price amortization.
- In any case, the expected investment responsibility (Supplier / Motherson SAS) will be defined by Motherson SAS in the "Packaging Data Sheet" during the Supplier Request for Quotation and the amortization terms will be determined by the supplier and Motherson SAS Purchasing.
- At any time Motherson SAS may decide to take ownership of the packaging by paying the unamortized value to the Supplier before the amortization quantity is reached.
- Proof of purchase and physical presence must be provided to Motherson SAS.

4.2.6 Back-up packaging

Definition

The back-up packaging is a copy of expendable materials of the returnable packaging agreed and validated by suppliers and Motherson SAS for series production.

Back-up packaging must replicate the returnable packaging in dimensions, number of parts and stackability. Only boxes with top covers (no flap covers) are authorized to minimize handling and damages.

The non-compliance with this rule (back-up packaging bigger or with different number of parts than the agreed returnable packaging) would generate important inefficiencies in parts procurement (different ordering batches), transportation (lower number of parts / shipment) and line feeding (inability to feed production line with parts packed in back-up packaging) and will generate related charges to supplier.

Usage

Back-up packaging will be used in the event of non-availability of returnable packaging (pre-series deliveries, stock pilings, emergencies).

The usage of back-up packaging must be communicated by the supplier and authorized by Motherson SAS receiving plant Logistics before the goods are shipped. If necessary, problem-solving methodologies will be applied to identify and eliminate the root cause driving to back-up packaging usage.

Anticipation

It is the responsibility of the supplier to order and maintain a sufficient inventory of expendable

packaging and to alert Motherson SAS in case of a returnable packaging shortage. The supplier orders back-up packaging after validation of Motherson SAS.

4.3 Packaging Management rules

Packaging management is both Motherson SAS' and supplier responsibility.

To ensure that returnable packaging is properly managed, the supplier must collaborate with Motherson SAS in the inventory control of packaging. This control is made by packaging specific electronic setup and frequent reconciliation (electronic and physical).

4.3.1 Packaging electronic setup

For each specific packaging, the supplier will be issued a specific part number by Motherson SAS. Suppliers must set up and use this part number its ERP to be able to add it to the ASN sent to Motherson SAS to reflect the physical quantity of packaging sent to Motherson SAS.

SAS will reuse the same part number in its ERP and issue ERP delivery notes to the supplier for the return of empty packaging.

This electronic part number will allow the supplier to simulate its inventory of packaging. The objective is for the packaging physical quantity located at supplier to match the quantity in the supplier's ERP.

In case the supplier must use backup packaging (expendable), the supplier must use a different part number (provided by Motherson SAS) in its ASN. Motherson SAS receipts with the correct expendable packaging part number, based on supplier's ASN, will be used for payment to supplier of expendable packaging cost. Failure to use the appropriate packaging part number by the supplier in its ASN, commercial invoice, delivery note or bill of loading, might result in non-payment of expandable packaging costs to suppliers and potential chargebacks via PSS for ASN inconsistencies (see chapter 7).

4.3.2 Packaging Reconciliation

- Supplier is expected to do a semesterly physical coordinated reconciliation with Motherson SAS AND a monthly electronic reconciliation with Motherson SAS. In case of discrepancy higher than 5% of the loop invested, supplier must confirm gap with a coordinated physical count with Motherson SAS.

- The supplier must demonstrate with evidence (ERP screenshots, evidence of receipts and shipments) that the gap was not caused by the supplier. Evidence must be submitted no later than 3 weeks after confirmation of physical counts. Evidence will be reviewed and validated by Motherson SAS. If Motherson SAS finds that the supplier is responsible for the loss of packaging, Motherson SAS will issue an invoice to supplier to replace the lost packaging. Any dispute must be resolved between Motherson SAS and suppliers' respective commercial teams.

- Motherson SAS and Supplier are responsible for recording all inbound and outbound returnable packaging shipments.
  The return transport of the empty packaging to supplier is under responsibility of Motherson SAS or Supplier depending on transportation responsibility.

- Returnable packaging must not be diverted from its intended use (e.g., must not be used for other products, safety stock builds above

agreed levels, intermediate storage of semi-finished products, etc.).

- Motherson SAS empty packaging is NOT supposed to be stored outside and should be stored in conditions preventing damage or dust contamination. Independently of the supplier storage conditions. Supplier must ensure packaging cleanliness before shipment to secure part's quality and identification. Failure on cleanliness might result in PSS (or equivalent tool for no compliance), sorting or further activities to warranty quality of parts.

The supplier checks the packaging conditions when receiving empty containers and when using them for production of parts.

Motherson SAS checks packaging status at Goods reception and before shipping of empty packaging to the Supplier.

Both the supplier and Motherson SAS report damaged packaging as soon as detected. The necessary actions are taken at the cost of the party generating the issue.

If the supplier is not notifying us of any damage to the packaging at reception on their side, if reparation is needed, the supplier must pay for the maintenance.
Suppliers must contact Motherson SAS Plant to get information on the shipping process for the damaged packaging. (Maximum 1 week to receive instructions from Motherson SAS Plant.)

4.3.3 Packaging Inventory

At least once per year a physical inventory for packaging must be performed at the supplier's side.

After reconciliation each month, if the variance is more than 5%, an inventory on the specific packaging should be carried out at supplier & Motherson SAS side

4.4 Labelling

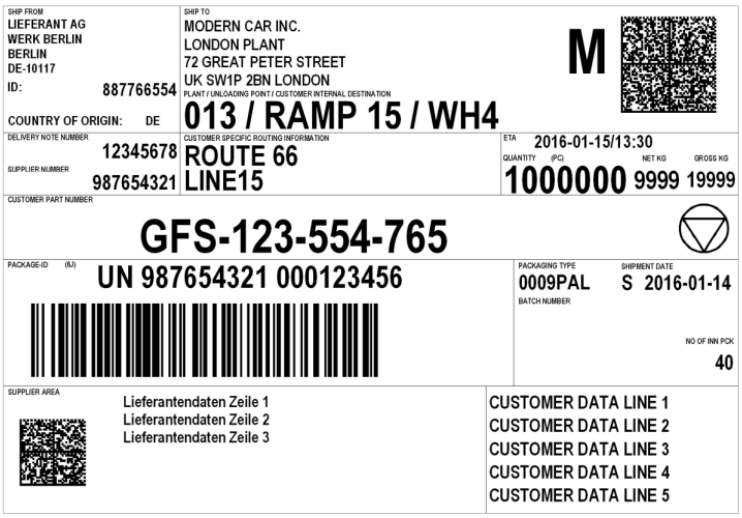
Motherson SAS label has been developed according to automotive standards GALIA ETI-9 and AIAG B-10 and VDA 4994 to be used as supplier shipment label. Data content is sent via EDI.
Motherson SAS requires VDA 4902,4994 or ETI-9 standard label especially for Europe and Asia perimeter.
In North and South America, the B-10 label format is allowed.

Any potential non-compliance with Motherson SAS labelling requirements described in the Information & Transport Data Sheet must be communicated by the Supplier to Motherson SAS at the RGQ.

4.4.1 ETI9 – Europe and Asia

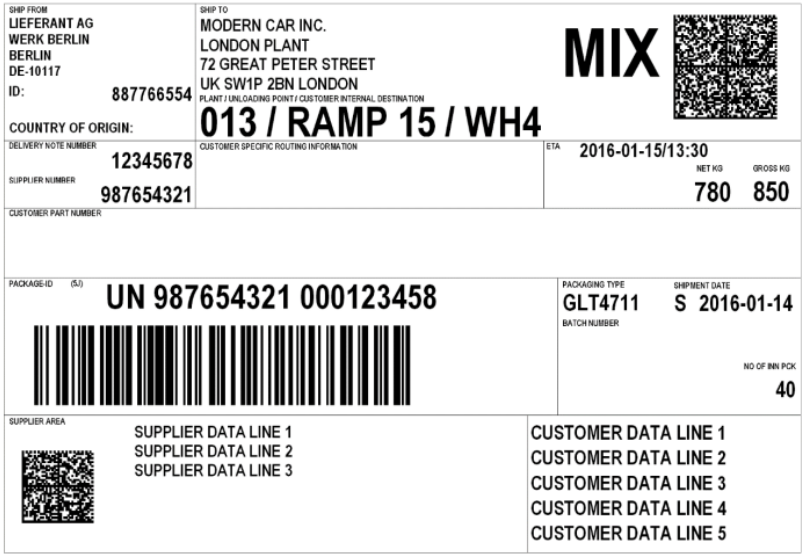
Master Label for Homogenous Handling Unit

A homogeneous Handling Unit is composed of packaging all containing the same part number. Same dimensions as for the Box label



Master Label for Heterogenous Handling Unit

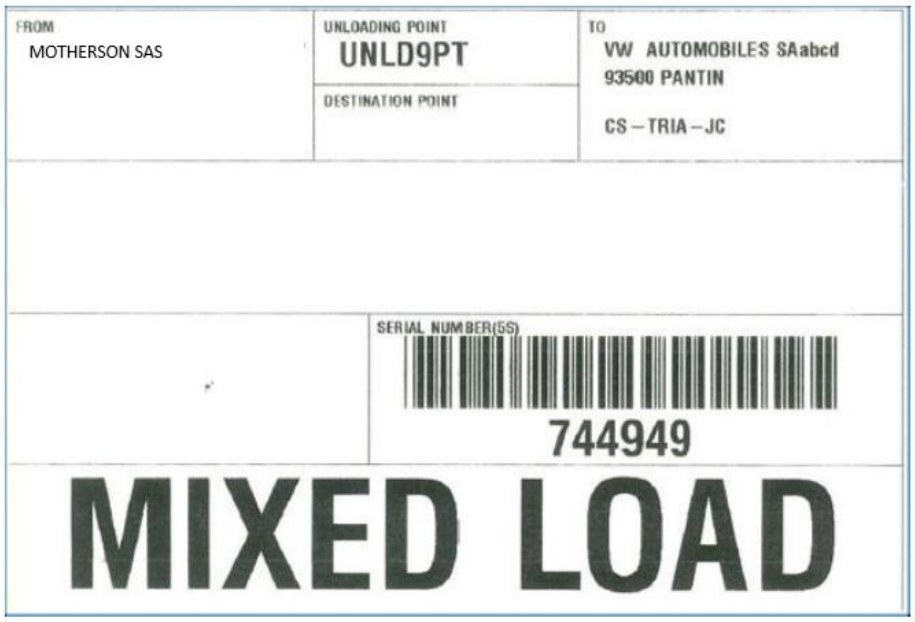
A heterogeneous Handling Unit is composed of packaging containing different part numbers.
Master label is to be used only upon demand (refer to Supplier Logistics Agreement document "Packaging Data Sheet").
While Heterogenous pallets are NOT the norm and we strongly recommend to not be using it. If it is used, the following label must be used. Noncompliance might result in charges back to supplier



4.4.2 B10 – North and South America

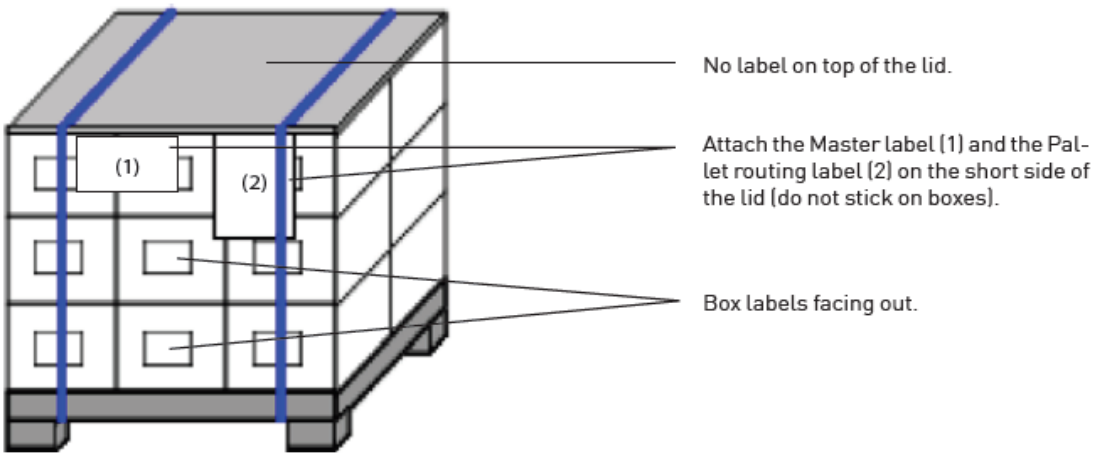
Master Label for Homogenous Handling Unit

Master Label for Heterogenous Handling Unit



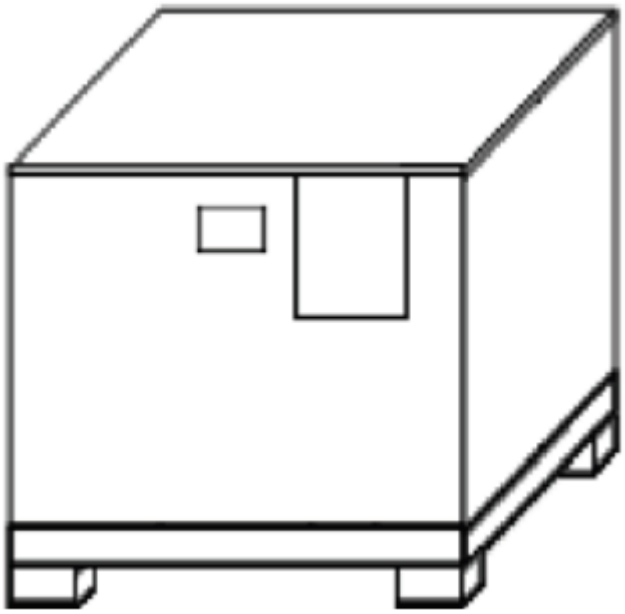
4.4.3 Pallet Standard

Handling Unit



Simplified Handling Unit

In the case of a packaging representing a pallet on its own, the Pallet routing label must be attached on the same side than the Box label.



New Trial / New Revision

In the case supplier is sending new parts that are part of a trial or a new revision change, it must use a specific **brighter label** on the **four sides** of the pallet to help with identification at the plant side. Below is an example of what can be used

5. Ordering & Part preparation

5.1 Parts Ordering

5.1.1 Releasing Management Rules

Motherson SAS issues EDI according to OEM demands and supplier needs to follow the last updated release.

Considering transit time (Logistics concept) between Motherson SAS plant and the Supplier, Motherson SAS defines its Releases transmission day.

If for any reason supplier did not receive release. He must take the previous one.

5.1.2 Motherson SAS plant / Supplier calendar mismatch

Suppliers are expected to support deliveries based on Motherson SAS working calendar detailed in agreed document “Transport & Information Data Sheet”. In case of national holidays / traffic bans, supplier must warn Motherson SAS in advance so to set a backup day/time for anticipated collection. For all other days, supplier is requested to ensure the regular delivery service.

5.2 Parts preparation and shipment

Some tasks must be completed by the supplier within the preparation time:

1. **Loading list** (from EDI) printing

2. **Labels printing** (based on Motherson SAS information transmitted by EDI / Web EDI)

- Box **labels**: use the available “Supplier Data” field on Box labels to systemize label check and confirm parts are correct before Motherson SAS pick-up.
- Master labels in case of homogeneous pallets.

Suppliers must pay particular attention to the quality of the barcode.

Box labels can be used as Kanban in the supplier’s internal process and help control their production, avoiding overproduction and driving a better efficiency. Also, it is a must for suppliers to follow FIFO as standard.

3. **Pallet routing label printing** - in case of Cross dock.

4. **Boxes & pallets labelling, load preparation**

Suppliers MUST use easily removable labels to smoothen the process.

5. **Load checking**

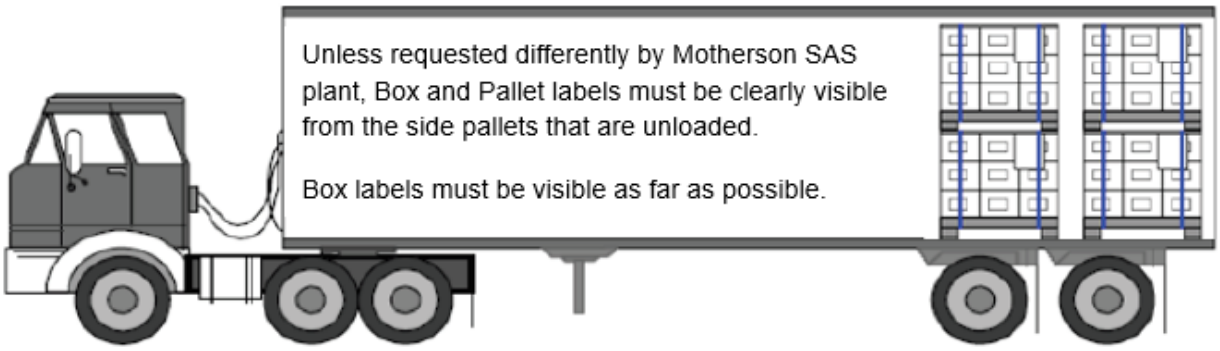
Once labelling and preparation are completed, the supplier confirms or corrects quantities and signs the delivery note.

In case the supplier CANNOT deliver the required quantity mentioned on parts release, Motherson SAS logistics contact MUST be informed immediately via a phone call. It is mandatory to formalize this discussion with an email. Suppliers must propose a recovery plan to Motherson SAS. The Motherson SAS Material Planner will then validate the recovery plan.

Even if the supplier provides a recovery plan, the supplier backlog is not cancelled and will be tracked.

6. Trailer preparation

Side loading example:



7. Delivery notes and ASN sending

One Delivery note and one ASN are assigned per Manifest.

ASN is (are) sent by a supplier when the truck is leaving its dock.

To include its own label number(s), the load preparation must be done reading Box labels and / or Master labels (depending on if homogeneous pallets are used). This allows the pre-reception checking and the reception by scanning at Motherson SAS plant.

When the truck load is complete, the Goods shipping is posted. Delivery Note is printed.

It also triggers the sending of the ASN to the Motherson SAS plant.

For each Motherson SAS customer plant, supplier will agree on all details regarding packaging, labelling, pallet preparation, truck loading and additional necessary documents (Certificate of Conformity, Forwarding order and customs papers) in the “Packaging Data Sheet” of the Supplier Logistics Agreement.

5.3 Goods delivery control by Motherson SAS

Once the truck arrives at Motherson SAS plant, Motherson SAS receiving clerk:

- Checks delivery timing compliance,
- Scans Master labels if available; individual Box labels otherwise
- Checks Materials & Quantities expected against received and listed on Delivery Note,
- Checks packaging & loading compliance,
- Returns Goods to supplier if decided to,
- Records the Goods receipt in the ERP system.

6. Securization plan

The supplier is entitled to build a Securization plan to secure production, raw materials, and transportation in case of:

- Work strike,
- Transport strikes,
- Bad weather: storm, flood,
- Outbreak of fire,

The Securization plan shall explain how deliveries to Motherson SAS can be ensured even if disruptions to the areas named should occur.

The Securization plan should at least include the following points.

6.1 Emergency contact (Weekend availability of “hot parts”)

The emergency contact must be stated in the “Contact List Data Sheet “, marked in the appropriate column and must be available 24 hours a day.

6.2 Emergency Plan

For each risk, the supplier must define a back-up, with appropriate reaction rules, correct triggers and identified responsibility. Each back-up, to be efficient, must be tested regularly.

The Securization plan must be submitted to Motherson SAS logistics department in writing “MOTHERSON SAS SUPPLIER BACK-UP PLAN”.

6.3 Communication

In case of emergency, the supplier is obliged to contact Motherson SAS PC&L Manager at the moment of occurrence to ensure information flow, as described, will be applied.

If any other major event is happening that is out of standard and out of control from supplier, it must contact directly Motherson SAS Plant by email or in written format.

This notification must be accompanied by any mitigating solutions to safekeep the supply chain. They will be answered by Motherson SAS Plant cases by cases.

7. End Of Production

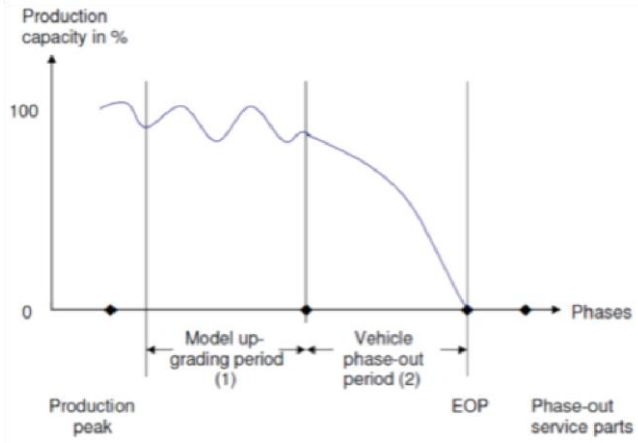
Definition:

The End Of Production (EOP) of a part describes all activities that must take place during model upgrading period (1) & phase-out period (2).

Targets:

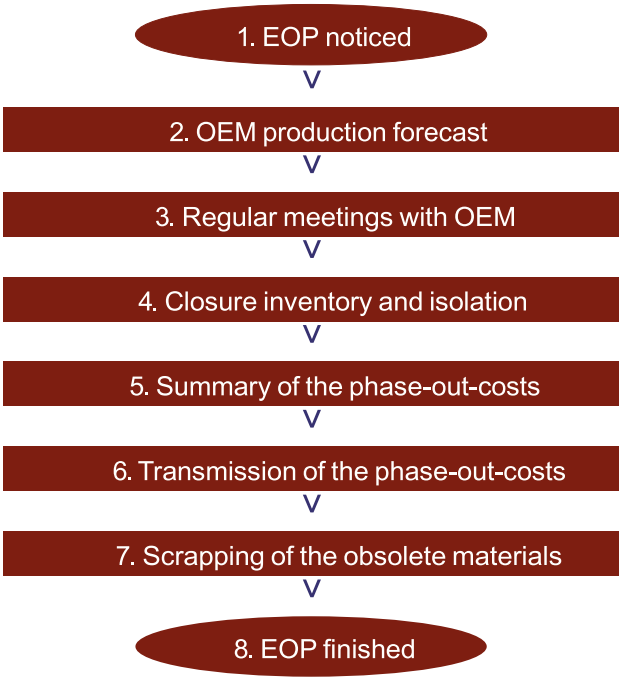
- Minimum obsolete materials (or no obsolete materials unpaid by final customer)
- Zero missing parts
- 100 % delivery ability

7.1 End Of Production Process



There are two types of planned phase-out:

- Vehicle-oriented phase-out: EOP is defined due to the last buildable status of a part.
- Phase-out to a defined date: OEM decides EOP due to a date.



7.1.1 OEP Notice

Depending on OEM, Motherson SAS will inform EOP target DATE & QUANTITY to supplier. Suppliers need to ensure to have no obsolete material, in case of a risk, the supplier needs to inform OEM and Motherson SAS about it with enough time to react.

7.1.2 OEM Production Forecast

The production forecast for all concerned OEM plants of the part family or vehicle-basis will be consolidated and transmitted to every supplier involved in EOP.

Regular meetings with OEM in case of mandated part/supplier.

In the beginning, these regular meetings are to be held once a month and should be converted to weekly meetings 8 weeks before phase-out

7.1.3 Regular meetings with OEM

Content of the meetings:

1. Coordination of changes in demand with clarification of phase-out costs, highlighting necessary additional capacities.

2. Collection of OEM approvals for necessary additional capacities to satisfy changes in demand.

3. Immediate clarification with OEM of already generated obsolete quantities.

4. Clarification of necessary spare part requirements with OEM. Obsolete quantities could possibly cover spare part requirements.

7.1.4 Closure inventory and isolation

Motherson SAS and the supplier appoint a date for the final inventory of the obsolete material. These obsolete materials at Motherson SAS and at the suppliers must be isolated.

7.1.5 Summary of the phase out costs

The costs for obsolete materials must be summarized in a file. The file must highlight, at Motherson SAS part number level, a comparison between agreed delivery-end cumulative quantity of suppliers and Motherson SAS and the effective delivery-end cumulative quantity.

The result should highlight which obsolete value has been generated and which value must be committed to being purchased by Motherson SAS and/or by the OEM.

7.1.6 Transmission of the phase out costs

Detailed evidence must be communicated to the plant and to Purchasing within 15 calendar days otherwise, no compensation can be granted. Costs for amortization, not completely amortized supplier investment will be added with the corresponding, traceable data. Compensation will also be submitted for the approval of the OEM

7.1.7 Scrapping of the obsolete materials

After approval from the OEM, the obsolete materials can be scrapped or destroyed. This must be followed by the PC&L Manager and the supplier. In some circumstances, Customer audit can be run, and proof of destruction communicated.

7.2 Spare & Production

During serial life, OEM Customer order spare parts from Motherson SAS (this includes single parts or kits). Supplier orders for components included in these spare parts follow the standard process, explained in previous chapters.

After EOP, a complete review of the supplier Logistics Agreement of the components must be done. This is explained by the modification of packaging, minimum order lot (potentially reduced to 1), delivery frequency, potentially Motherson SAS plant, etc., linked to the volume decrease – only spare parts volume remains.

The obligation to deliver spare parts exists for a period that can go up to 15 years after EOP. In such cases ordering of spare parts is done via normal process. In the case of mandated suppliers, this agreement must be made with the OEM.

All materials and tools needed to produce spare parts must be stored at supplier's location or at one of the Supplier's service partners.

In all cases, packaging and processes must be secured to ensure good quality parts.

7.3 Motherson SAS Inventory liability

Rules for phase-out applied to Motherson SAS by OEM are reconducted to Suppliers.

Motherson SAS liability is usually defined in Supplier Logistics Agreement (special appendix). If it is not the case Supplier will have to justify supply chain lead time & stock

8. Glossary

ASCII: American Standard Code for Information Interchange
ASN: Advanced Shipping Notice
BG: Business Group
BOP: Bought-out Part
CFR: Cost and Freight
CIF Cost, Insurance, Freight
DDP: Delivery Duty Paid
DDU: Delivery Duty Unpaid
DELFOR: Delivery Forecast
DELJIT: Delivery Just-in-Time Message
DELJIT 96A: Delivery Just-in-Time Message
DP" Data Processing
EBCDIC: Extended Binary Coded Decimals Interchange Code
EDI: Electronic Data Interchange
EDIFACT: Electronic Data Interchange for Administration, Commerce and Transport
EOP: End Of Production
ERP: Enterprise Resource Planning
ERS: Evaluated Receipt Settlement
ETA: Estimated Time of Arrival
ETD: Expected Time of Departure
FCA: Free Carrier
FIFO: Fist In First Out
FMEA: Failure Mode and Effect Analysis
FOB: Free on Board
GALIA: French Organization of Automotive Industry
HT: Heat Treatment
HU: Handling Unit
ISDN: Integrated Services Digital Network
ISO: International Organization for Standardization
ISPM: International Standard for Phytosanitary Measures
IT: Information Technology
JIT: Just In Time
MMOG/LE: Materials Management Operations Guidelines/Logistics Evaluation
MOQ: Minimum Order Quantity
MPT: Mass Production Trial
No.: Number
O. D.: Outside Dimension
Odette: European Organization of Automotive Industry
OEM: Original Equipment Manufacturer
PC&L: Production Control and Logistics
Pcs: Pieces
PDCA: Plan, Do, Check, Act
PDS: Packaging Data Sheet
PF: Perturbation of Flow
PLTL: Plant Launch Team Leader
PO: Purchase Order
PPM: Parts per Million
PSE: Production System Efficiency
PSS: Problem Solving System
PU: Packaging Unit
QP: Quality Problem
Qty: Quantity
Ref: Reference
RFQ: Request For Quotation
SFID: Service Flow Identifier
SLA: Supplier Logistics Agreement
SLM: Supplier Logistics Manual
SOP: Start Of Production
SQA: Supplier Quality Assurance
SSID: Service Set Identifier
TIDS: Transport & Information Data Sheet
TPA: Truck Preparation Area
VDA: Verband der Automobilindustrie (German Automobile Industry Association)
Web EDI: EDI via Int