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1. Purpose / Objectives / Targets

The purpose of the manual is to introduce standards, and serve as a reference for training, and to improve the communication within our company and our partners.

This Manual is intended to give detailed information about SumiRiko AVS Group's Logistic requirements. Compliance with the requirements stated in this Manual is essential and mandatory and it is therefore requested that the Logistics team members must be aware of content of this Manual. Some of the requirements towards the suppliers are also taken into account in our Blanket Contract and General Agreement.

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I. Logistics terminologies

1. **Air freight:** Air freight parcel delivery is the transfer and shipment of goods via an air carrier, which may be charter or commercial.
2. **ASN:** An advance shipping notice (ASN) is a notification of pending deliveries, similar to a packing list. It is usually sent in an electronic format and is a common EDI document. The ASN can be used to list the contents of a shipment of goods as well as additional information relating to the shipment, such as order information, product description, physical characteristics, type of packaging, markings, carrier information, and configuration of goods within the transportation equipment.
3. **Bar Code:** A machine-readable code in the form of numbers and a pattern of parallel lines of varying widths, printed on a commodity and used especially for stock control.
4. **BOL:** (Bill of lading) is a legal document between the shipper of goods and the carrier detailing the type, quantity and destination of the goods being carried. The BOL also serves as a receipt of shipment when the goods are delivered at the predetermined destination. This document must accompany the shipped goods, no matter the form of transportation, and must be signed by an authorized representative from the carrier, shipper and receiver.
5. **BOM:** (Bill of material) is an extensive list of raw materials, components and assemblies required to construct, manufacture or repair a product or service.
6. **Buffer:** The supplies or the products of an organization that are kept available either on hand or in transit to stabilize variations in supply, demand, production, or lead time.
7. **Carton:** A carton is a box or container usually made of paperboard and sometimes of corrugated fiberboard. Many types of cartons are used in packaging. Sometimes a carton is also called a box.
8. **Collapsible:** Collapsible containers and foldable containers are mobile storage units that are screwed together on site, while maintaining the capacity for quick and easy reassembling. Collapsible containers are used over long distances where there are opportunities for return freight.
9. **Consignment:** is the act of consigning, the act of giving over to another person or agent's charge, custody or care any material or goods but retaining legal ownership until the material or goods are sold.

10. **Container:** a large metal box of a standard design and size used for the transport of goods by road, rail, sea, or air. A well-known example of a container is a shipping container. Most containers are 20 feet or 40 feet long and have a height of 8 feet. However, also other heights and lengths are becoming more and more common such as 45, 48 and 53 feet long. The maximum height is 9.5 feet. The transport of containers by road is called container trucking
11. **Customer:** A customer is an individual or business that purchases the goods or services produced by a business.
12. **Delivery:** is the process of transporting goods from a source location to a predefined destination.
13. **Delivery frequency:** How often the process of delivery takes place.
14. **Delivery performance:** can be defined as the level up to which products and services supplied by an organization meet the customer expectation. It provides an indication of the potentiality of the supply chain in providing products and services to the customer.
15. **Demand fluctuation:** The market interest for a product that shows variations over time. Purchasing activity increases and decreases because of direct and/or indirect influences. Factors that lead to fluctuating demand include seasonality, taxation, product availability and pricing.
16. **Disposable:** Material which is designed for or capable of being thrown away after being used.
17. **Dock:** A loading or unloading platform at an industrial location or carrier terminal.
18. **Dunnage:** Inexpensive material used to protect and load securing cargo during transportation.
19. **EDI:** The automated, computer-to-computer exchange of data using standard, industry-accepted message formats. Typical types of data transferred include business transaction information such as orders, confirmations, and invoices.
20. **Effectiveness:** The degree to which objectives are achieved and the extent to which targeted problems are solved.
21. **Efficiency:** It is the ability to provide the desired product/service mix at a level of cost that is acceptable to the customers.
22. **E-mail:** messages distributed by electronic means from one computer user to one or more recipients via a network.
23. **Fax:** an exact copy of a document made by electronic scanning and transmitted as data by telecommunications links.

24. **FIFO:** First in First out, is an inventory management practice in which products held in storage for the longest time are assumed to be the first to be drawn from storage, so that inventories will consist of the most recently acquired items.
25. **FEFO:** First expired First out, is an inventory management practice commonly used with perishable products, in which the products with the closest expiration date are the first to be removed.
26. **Finished Goods:** are goods that have been completed by the manufacturing process, or purchased in a completed form, but which have not yet been sold to customers.
27. **Forecast:** is the use of historic data to determine the direction of future trends. Businesses utilize forecasting to determine how to allocate their budgets or plan for anticipated expenses for an upcoming period of time.
28. **Forklift:** A small industrial vehicle with a power-operated pronged platform that can be raised and lowered for insertion under a load to be lifted and moved.
29. **Handling:** Coordination and integration of operations such as un-packing, re-packing, packaging, and movement of materials or goods over short distances.
30. **Inventory:** is the raw materials, work-in-process products and finished goods that are considered to be the portion of a business's assets that are ready or will be ready for sale.
31. **JIT:** Just in time is a technique for optimizing the manufacturing process and improving inventory control by ensuring goods arrive just in time for the next step in the process. Just in time principles eliminate excess inventory, and rely on frequent small deliveries when required to reduce storage and holding costs.
32. **Label:** Display of information about a product on its container, packaging, or the product itself. For several types of consumer and industrial products, the type and extent of information that must be imparted by a label is governed by the relevant safety and shipping laws.
33. **Lead time:** The time it takes for one piece to move all the way through a process or a value stream, from start to finish. The total time that elapses between an order's placement and its receipt.
34. **LIFO:** Last in First out is the method of using newest inventory first.
35. **Manufacturing:** The process of converting raw materials, components, or parts into finished goods that meet a customer's expectations or specifications.
36. **Material:** The matter from which something can be made. Material can include but is not limited to raw and processed material, components, parts, assemblies, sub-

assemblies, fuels, lubricants, coolants, cleaning agents, and small tools and accessories that may be consumed directly or indirectly.

37. **Milk run:** Delivery method for mixed loads from different suppliers. Instead of each of several suppliers sending a vehicle every week to meet the weekly needs of a customer, one vehicle visits each supplier on a daily basis and picks up deliveries for that customer. This way, while still five vehicle loads are shipped every week, each vehicle load delivers the full daily requirements of the customer from each supplier.
38. **Order:** A request by one party to another to buy, sell, deliver, or receive goods or services under specified terms and conditions.
39. **Packaging:** Processes (such as cleaning, drying, preserving) and materials (such as glass, metal, paper or paperboard, plastic) employed to contain, handle, protect, and/or transport an article/ products.
40. **Pallet:** Piece of equipment that facilitates mechanical handling of stacked (palletized) goods for fork-lift trucks. Made usually of rough (undressed) wood and commonly 4 x 4 feet (1.2 x 1 meter in Europe) in dimensions, it can carry a typical load of one metric ton (1,000 kilograms or about 2,200 pounds), and serves as a base for assembling, handling, sorting, storing, and transporting goods as a unit load.
41. **Parcel:** Package delivery or parcel delivery is the delivery service to be used for small load carriers.
42. **Procurement:** The act of obtaining or buying goods and services. The process includes preparation and processing of a demand as well as the end receipt and approval of payment.
43. **Rack:** Designated place to store the material
44. **Raw material:** Basic substance in its natural, modified, or semi-processed state, used as an input to a production process for subsequent modification or transformation into a finished good.
45. **Recycling:** Waste minimization strategy in which reusable materials are recovered from a waste stream, and put to the original or different use.
46. **Replenishment cycle:** Recurring process flow from the time one order is placed to the time the next order must be placed to replenish depleted inventory. The replenishment cycle may be triggered at any point of the production, distribution, or sales cycle depending on what works best for a specific industry
47. **Returnable container/packaging:** Returnable container/packaging is manufactured of durable materials and is specifically designed for multiple trips and extended life. A reusable package or container is "designed for reuse without impairment of its protective function.

48. **RFID:** Radio Frequency Identification – The use of radio frequency technology such as RFID tags and tag readers to identify objects such as equipment, pallets of stock, and individual units of product.
49. **Safety stock:** Stock used to ensure the availability of products in the case of deviations in supply or demand.
50. **Schedule:** Timing or rate of delivery as required by a buyer, or as agreed between a buyer and a seller, for goods or services purchased for a future delivery period.
51. **Sea freight:** Freight transport is the physical process of transporting commodities and merchandise goods and cargo. The term sea freight originally referred to transport by sea.
52. **Shortage:** Situation where the quantity available or supplied in a market falls short of the quantity demanded or required at a given time.
53. **Stackable:** The ability to place material/ inventory on top of each other in order to use warehouse space more efficiently.
54. **Storage:** Non-transitory, semi-permanent or long-term, containment, holding, leaving, or placement of goods or materials, usually with the intention of retrieving them at a later time.
55. **Supplier:** A party that supplies goods or services. A supplier may be distinguished from a contractor or subcontractor, who commonly adds value to deliverables. Also called vendor.
56. **Traceability:** The ability to track a shipment from the moment it leaves the loading dock until it arrives at its destination.
57. **Truck (FTL, LTL):** Full truck load is also called "full charge" or "complete load". The truck is fully loaded with cargo which is transported to (or from) one address. Less than truckload shipping or less than load (LTL) is the transportation of relatively small freight.
58. **VMI:** Vendor Managed Inventory is replenishment arrangement whereby the supplier either monitors the customer's inventory with own employees or receives stock information from the customer. The vendor then refills the stock automatically, without the customer initiating purchase orders.
59. **Warehouse:** Facility designed for temporary storage
60. **WIP:** Partially completed goods, parts, or subassemblies that are no longer part of the raw materials inventory and not yet part of the finished products inventory.

Introduction

1.1 Overview of the Manual

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1.2 About our company

SumiRiko AVS Germany is a producer and manufacturer of innovative solutions for driving comfort, driving dynamics and safety, and therefore is a global partner for all major OEMs and Tier 1 suppliers – from the idea to series production. Our product portfolio includes chassis parts, engine mounts, exhaust system hangers, decoupling elements and vibration absorbers.

- 100% subsidiary of Sumitomo Riko Company Ltd., global market leader for automotive vibration control technology.
- Global player with a network of 105 development and production sites in 23 countries.
- Over 100 years' experience in the field of elastomers and expansion joints.
- Development expertise for efficient, individual problem-solving, regardless of the type of material.

1.3 Defining Logistics



Logistics is comprised of all the operations needed to deliver goods or services, except making the goods or performing the services. The word “deliver” characterizes the activity by its outcome. “All the operations” then refers to everything that has to be done with goods, information and money in order to affect this outcome.

Logistics is that part of the supply chain process that plans, implements and controls the efficient, effective, forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customer requirements. (Annex 20)

1.4 Health and Safety



In accordance to the Sumitomo Riko Group Management philosophy we place top priority on safety at work to ensure the safety of people and society. Manual Handling, Lifting and Carrying are known to be the largest contributors to occupational ill-health. Ensure that mechanical handling aids are used whenever possible to avoid manual handling. Where manual handling is considered appropriate for the task, safe lifting guidelines must be followed, e.g. adopt correct posture, consider team lifting, employ safe lifting technique, etc.

1.5 Environment

In accordance to the Sumitomo Riko Group Management philosophy, we will strive to protect the global environment and to contribute to create better communities. SumiRiko AVS Group will focus on measuring and minimizing ecological impact of our logistics activities. We aim to create a sustainable company value using a balance of economic and environmental efficiency.

1.6 Information security

In accordance to our logistics philosophy all sensitive goods and / or prototypes have to be protected against insight and handling of unauthorized third-parties. Therefore it is necessary to use closed containers for the transport or storage of prototypes and sensitive goods.

2 Information exchange

Communication is a key factor for any supply chain to succeed. In order to ensure deliveries, the exchange of information between suppliers and customers must be clear, reliable, punctual, accurate, and well defined. If communication is limited, so is the ability of the procurement to influence the end to end procurement process.

The valid methods of information exchange are as follows: EDI, E-mail and Fax

2.1 Electronic data interchange (EDI)

Electronic data interchange (EDI) as a method of data interchange is fundamental to both customers and suppliers. EDI is used to receive and transmit information (such as delivery call-offs, scheduled releases).

While sending the data, the supplier must comply with the message formats specified by the customer.



EDI is intended to support the direct communication between the Enterprise Resource Planning (ERP) systems with no media break, i.e. the information is exchanged between the supplier and customer site's information processing systems with no additional manual recording other than error monitoring. Therefore, a specific IT infrastructure on the supplier and customer side for processing electronic message formats must be in place.

When using EDI, the consistency of the system (ensuring correct and complete data transfer) must be guaranteed for the entire planning, production, and shipping process. Incorrect data in the EDI messages can corrupt the messages and interfere with the whole process.

SumiRiko Rubber Compounding France S.A.S. and SumiRiko AVS Russia currently do not allow EDI transmission.

WebEDI

Can be provided by customer EDI system for the suppliers without the necessary IT infrastructure for an EDI connection. SumiRiko AVS Group does provide also WebEDI. The access to WebEDI must be agreed specifically with respective SumiRiko AVS plant + under the link <https://webedi.avs.sumiriko.net/>

Protocols

SumiRiko AVS Group standard connection protocol is OFTP2. Existing ISDN based OFTP connections will be replaced by OFTP2 and discontinued in the future. Applications for new ISDN based connections will be rejected.

Formats

SumiRiko AVS Group standard message format is VDA. We also accept EDIFACT message format.

Messages

Overview of the messages supported by SumiRiko AVS Group:

Message / Format	VDA	EDIFACT
Delivery forecast	VDA 4905	DELFOR
Delivery just in time	VDA 4915	DELJIT
Dispatch advice	VDA 4913	DESADV
Invoice	VDA 4906	INVOIC
Credit advice	VDA 4908	-

Note: Please find the attached SumiRiko AVS Germany GmbH EDI parameter sheet in annex 1.

2.2 Information flow

2.2.1 Supplier Call off / Delivery forecast

The SumiRiko AVS logistics staff will ensure that the suppliers receive in advance call off messages in accordance with VDA standard 4905, hence, ensuring that the availability and delivery of the required goods can be ensured at the time of delivery.

2.2.2 Supplier Call off / Delivery just in time

The suppliers receives in advance call off messages in accordance with VDA standard 4915, hence ensuring that the availability and delivery of the required goods can be ensured at the requested time of delivery.

2.2.3 Dispatch advice / Advanced Shipping Notice (ASN)

The supplier should invariably send in advance to SumiRiko AVS plants a remote data transmission delivery note in accordance with VDA standard 4913, hence ensuring that the availability of the required goods can be checked upon receipt.

3 Procurement concept

The following procurement concepts are generally in use within the SumiRiko AVS Group.

3.1 Traditional purchasing

In the traditional purchasing scheme the ownership of the goods and risk is passed from the seller to the buyer based on the agreed incoterm.

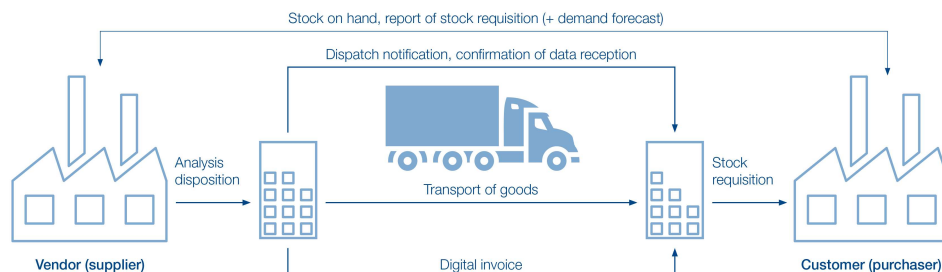
3.2 Consignment stock

The stock is legally owned by the seller, but held by the buyer, meaning that the risk and rewards regarding to the said stock remains with the first party while the second party is responsible for distribution or retail. The seller owns the stock but the buyer is responsible as keeper.

Ownership of consignment stock is passed only when the stock is used (reported consumption). Unused stock in a warehouse may be returned to the supplier when it concerns standard manufactured products. With regard to customer specific items agreements concerning returning products should be negotiated. The ownership of consignment stock is not transferred until use, invoicing is not immediate. To account for a replenishment of consignment stock at a buyer site, a seller must credit inventory and debit buyer consignment stock. Only after a buyer actually uses the consignment stock accounts receivables may be created.

3.3 Vendor-managed inventory (VMI)

Is a business model in which the buyer provides certain information to a seller (vendor) of that product and the seller takes full responsibility for maintaining an agreed inventory of the material, usually at the buyer's consumption location (warehouse). VMI work is shared risk.



Advantages:

VMI fosters a closer understanding between the supplier and manufacturer by using electronic data interchange formats, EDI software and statistical methodologies to forecast

and maintain correct inventory in the supply chain. At manufacturing level, VMI helps prevent overflowing warehouses or shortages, as well as costly labor, purchasing and accounting. With VMI, businesses maintain a proper inventory, and optimized inventory leads to easy access and fast processing with reduced labor costs.

1. Relationship between a VMI and a Consignment Stock

A VMI is when the vendor (supplier) is managing the supply of inventory, whereas a consignment stock relates to the ownership of the inventory. Neither of them is dependent on one another.

2. Rules

- a. It is important to understand the difference between Consignment stock and/or VMI and also make sure that agreements and contracts with suppliers clearly mentions either VMI or Consignment stock.
- b. Receiving: SumiRiko AVS plants will be responsible for the properly booking of the stock in the ERP/Accounting systems regardless of the chosen purchasing method (consignment, VMI or traditional purchasing) making sure that it is known what is available (quantity) and who bears the ownership.
- c. Having a Consignment stock or VMI system in place means that the supplier delivers consistently in quantity and quality, eliminating the need for quality checks or any additional sorting, scaling, controlling, etc. If this is not the case, then logistics need to make sure that the supplier shall then implement a quality wall certified by a 3rd party to ensure the stock received fulfills the requirements. Failing to do so, will force SumiRiko AVS plants to ask a 3rd party to perform quantity and quality inspections at the supplier's cost.
- d. Supplier delivers only in standard packaging based on packaging specification which is approved by SumiRiko AVS plant, always in the same packaging type, and the same conditions, quantities, label, etc.
- e. Conciliation of quantities:
 - i. The SumiRiko AVS plants will confirm receipt of goods at the warehouse to the supplier regardless of the chosen purchasing method (traditional purchasing method, consignment or VMI) and report if discrepancies or deviations are found.
 - ii. SumiRiko AVS plants will conciliate with the supplier of consignment or VMI materials on a monthly basis and every time physical stocks take is performed, or at least as frequent as needed.
 - iii. The stock of material in consignment or VMI must be constantly in the range of defined min/max (quantity or days)
 - iv. The supplier must get an approval for conciliation in order to adjust the stock of material
 - v. Please note that the supplier is not entitled to claim payment of any consumed materials or goods taken from the stock/inventory conciliation after the fiscal year relevant for such withdrawal has been closed.

4 Packaging

4.1 Types of Packaging

4.1.1 Returnable Packaging



Returnable packaging (e.g. Euro Pallets, Euro Box Pallets, Gitter boxes, VDA KLT (small load carriers) that is capable of pooling (used through multiple processes and patterns) is to be preferred. Returnable packaging shall correspond to standard sizes and must be designed to be cleaned, emptied and drained easily.

4.1.2 Disposable Packaging



Preferred Packing Materials:

Plastics: Only recyclable materials like: ABS, PS, PE,PP, EPP, etc. according to the Plastic Identification code (PIC)

Cardboard: corrugated (refer to FEFCO, Annex 3)

4.2 General Requirements for packaging

The supplier should follow any special needs of the products and that the best type of packaging will be selected and also ensure all the following criteria are met:

- delivery of damage-free parts (quality assurance)
- optimal container load capacity
- transport safety
- stacking capability
- compliance with the specified standard dimensions
- suitable handling set-up
- to allow manual handling with the material, the maximum weight of one small packaging unit cannot exceed 15kg
- reasonable partial removal
- recyclable materials
- minimal use of disposable packaging materials as a waste prevention measure
- all wooden material used for transports outside EU must be compliant with ISPM 15 rules / IPPC treated. Information regarding the IPPC- regulations and country specific regulation could be found in the link attached in (Annex 7)
- The undamaged condition of pallets and box pallets and other containers must be ensured in accordance with exchange criteria of the European Pallet Association (EPAL, Annex 8.)

For all shipments from/to outside the EU SumiRiko AVS plants should request the suppliers to follow the packaging dimensions on VDA regulation 4525 (Annex 15) (Disposable packaging applicable for Sea freight) to ensure optimized container usage.

4.3 General requirements to prevent packaging waste



Packaging shall generally be planned taking economic and ecological factors into consideration. In accordance with ecological priorities, the waste management goals established by environmental legislation include the following:

The European waste hierarchy refers to the 5 steps included in the Waste Framework Directive:

- Prevention: preventing and reducing waste.
- Reuse and preparation for reuse: giving the products a second life before they become waste.
- Recycle: any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes. It includes composting and it does not include incineration.
- Recovery: some waste incineration based on a political non-scientific formula that upgrades the less inefficient incinerators.
- Disposal: processes to dispose of waste be it landfilling, incineration, pyrolysis, gasification and other finalist solutions.

In order to meet the requirements based on packaging legislation and to avoid burdening the environment unnecessarily, only environmentally-friendly materials may be used. EU legislation must be taken into consideration (see also European Organization for Packaging and Environment, as well as national legislation derived from it, Annex 4 & 6)

All packaging material must be clearly and visibly labeled and completely recyclable.

4.4 Packaging costs

It is important for the Logistics team to know that it is mandatory to validate the packaging type proposed by the supplier during RFQ phase and validate the costs. After approval from Logistic Manager, the deliveries will be performed using only the agreed and approved packaging type. In case of deviations the SumiRiko AVS plant will send a claim to the supplier who shall then submit an 8D report.

4.5 Packaging planning process

The supplier fill in the latest version of SumiRiko AVS packaging standard document to give first ideas about the packaging and its dimensions. This document is available on our website. (Link attached: Annex 21) and becomes valid after signing and returning to the supplier. As of then, it is mandatory for the supplier to use the proposed packaging.

Each SumiRiko AVS plant will validate if this packaging proposal is suitable in regards to handling within the production line. In case changes are required, the plant will report directly to the supplier contact person referred to in the SumiRiko packaging standard document to find the best solution for both sides in regards to costs and handling.

4.6 Container Management

The purpose of container management is to ensure a proper system is in place in all SumiRiko AVS plants where returnable containers are being used. All returnable packaging shall have a part number and description defined in order to make easier physical counts and entering in an electronic system.

Container account

A system for inventory control must be installed and all transactions shall be recorded. The system shall be able to determine the quantity of containers available as well as their location either in or outside the SumiRiko AVS plant. The method of having container account must be agreed specifically with respective SumiRiko AVS plant.

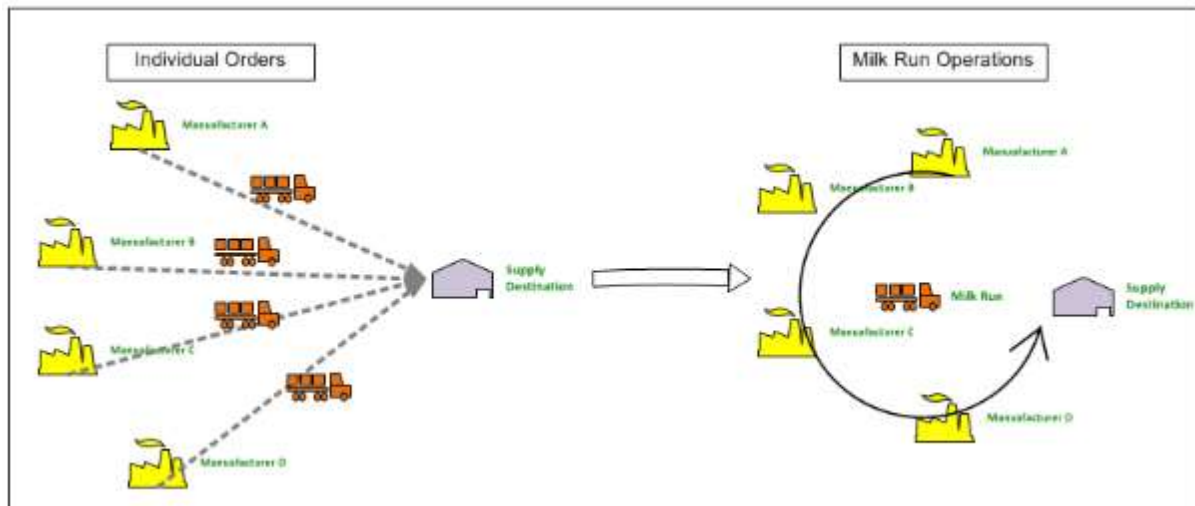
- a. **Container ownership:** Unless and otherwise agreed, SumiRiko AVS plant will be the owner of all containers.
- b. **Damage Control:** In case the supplier has received a damaged container, SumiRiko AVS Plant shall be notified. In case the supplier fails to notify within 24 hours, then the supplier is considered responsible for the damage, and the cost will be invoiced.

Inventory control: In order to control the quantity of container available, the supplier shall take an annual physical inventory or as frequent as needed, to ensure the container account is in balance and the operation does not suffer lack of containers which will jeopardize the operation and workflow. Balancing the empties accounts must be done according to the instructions issued by the packaging logistics department in order to avoid lengthy reconciliation measures. If necessary, the supplier must allow SumiRiko AVS plant to do a physical container inventory at suppliers location. In case inventory difference will be found, the costs of missing packaging will be invoiced to the supplier in the amount of the actual price of new given packaging.

5 Transportation

5.1 Shipping procedure

The shipping procedure outlines the steps for packaging, storing, controlling, and delivering all products and services. When accepting the delivery for shipping, the carrier acknowledges receipt of the quantity, type and condition of parcel or packing unit but not the content, value or weight.



The documents related to the shipping always need to be included. Pick up times and assigned time windows at Supplier's location and other specific requirements are to be agreed between supplier and carrier or are defined in the milk run concept.

The in-full, in-time and safe delivery to SumiRiko AVS Group has top priority.

5.1.1 Carriers



Carrier is any entity who, within the scope of a contract of carriage undertakes to perform or to procure the performance of carriage by rail, road, sea, air, inland waterway or by a combination of such modes.

The freight forwarders and parcel services are generally to be used based on the cost and the duration of the shipment. SumiRiko AVS Group designates its carriers and forwarders based on reliability, capabilities and cost.

5.1.2 Terms of delivery

Deliveries must be made in accordance to the agreed terms and conditions of delivery according to Incoterms in their currently valid version (the most up-to-date version as of yet: Annex 1.). Freight billing shall be handled by the transport company and the party paying for the freight costs. The transport costs (for finished goods and returnable containers) must be indicated separately in the proposal. In accordance to this information, SumiRiko AVS reserves the right to change the logistics concept.

5.1.3 Special freights/ delivery processing

Special deliveries shall generally be approved by the receiving SumiRiko AVS facility in prior. In case of special deliveries, the supplier must ensure that the goods will be delivered with:

- Delivery notes
- SumiRiko AVS parts number,
- Receipt location,
- Recipient with telephone number and department name,
- Gross weight, quantity and type of packaging
- Delivery due date at SumiRiko AVS, arrival time, if applicable.

5.1.4 Quality record concerning incidental special deliveries

The logistics staff must keep a record on the incidental special deliveries. It must include special deliveries that were made due to shortcomings in the logistical sequences. In addition, partial deliveries that deviate from the order volumes specified must be recorded. Furthermore, special deliveries that SumiRiko AVS requests must also be recorded. In addition, they have to include information and deadlines for remedial measures.

5.1.5 Combining of shipping units

Where possible, but only with approval from SumiRiko AVS plant, multiple smaller units should be combined to form one larger unit, taking account of the generally recognized dimensional weight limits and should be shipped in one shipment. If not approved by SumiRiko AVS plant, then the supplier is obliged to strictly follow the last updated delivery call-off / scheduled release.

Example: When you have multiple shipments in a day, try to combine and send one truck for the day and not multiple trucks.

Maximum weight of packing units: Regional/ local regulations concerning maximum weight for single packing units have to be considered.

5.2 Order Processing

The logistics staff needs to understand the process and procedure of order processing from customer point of view. It is as follows.

Supplier receives yearly volume as non-binding forecast from SumiRiko AVS plant Logistics department. Based on this, the supplier has to make sure:

- That production capacity corresponds to this volume
- The sub-suppliers are able to deliver material accordingly

5.2.1 Execution

The logistics staff needs to understand the process and procedure of execution of the orders. It is as follows.

The delivery dates quoted in the call-offs/ scheduled releases are the required dates of receipt by the respective SumiRiko AVS plant. Any non-conformance to that standard must be agreed separately. Supplier shall check if the received delivery call-off/ release is complete, correct and plausible (e.g. that supplier name, part number, quantity and delivery dates are correct). If any discrepancies are noted, supplier must inform the responsible SumiRiko AVS plant contact immediately.

Delivery call offs/ scheduled releases are binding for supplier unless supplier notifies the respective SumiRiko AVS plant within 3 working days after receipt of the release that the requirement cannot be fulfilled. As a general principle a flexibility of the part of the supplier is mentioned in the General or Additional agreement.

Any non-conformance to specified delivery dates and/or quantities need to be agreed separately and require a written confirmation by the respective ordering SumiRiko AVS plant.

In case of process deviation the supplier must submit a functional escalation management.

5.2.2 Order Tracking

The supplier must continuously track ongoing orders internally. Supplier must be able to provide information of the progress of production at all times. Comprehensive, transparent tracking of orders placed with subcontractors must be ensured. If disturbances occur which may affect the compliance with SumiRiko AVS plant, the supplier must immediately initiate the necessary counter measures. If it becomes clear that, despite the necessary measures initiated, the agreed deliveries cannot be met, the supplier must notify the respective SumiRiko AVS plant immediately via E-mail/ Fax and advise a new delivery date and /or quantity as appropriate.

In this case, the supplier must provide information on the following points:

- The cause of supply problem
- Production output capabilities for the parts in backlog and production planning
- Alternative production options investigated
- Availability of alternative parts

5.2.3 Production and delivery schedules

Delivery schedules are legally binding purchase orders of finished goods. However, regarding delivery dates the last updated delivery call-off/ scheduled release is decisive.

6 Product marking and labelling

The suppliers is obliged to use only labels which are positioned horizontally and sufficiently robust to ensure that they remain in the specified position and are legible for the shelf life of the product. In applicable cases (e.g. boxes, pallets, etc.) Two (2) labels have to be applied, one (1) on the short side and one (1) on the long side of the packaging. The supplier has to ensure that fasteners used for a label do not impair its legibility and any old labels have been removed prior to shipment. Additional labels may be necessary and requested by SumiRiko AVS for specific products like rubber. If specific labels are agreed between SumiRiko and supplier, they have to remain as agreed.

6.1 Packaging unit

The supplier is obliged to ensure that each packaging unit of the product is marked (high contrast, clearly readable).

6.1.1 Labeling Goods and Transport Documents

Tags: VDA 4902 most up-to-date version (suitable for barcodes)

The supplier is obliged to ensure that all packages and load carriers are labeled with a current, carefully filled out, bar-coded tag according to VDA 4902 (Annex 11). The information on the tag must correspond to the contents found in the package or the load carrier.

Manual changes or entries on labels are not permitted. When using standard and/or special containers, the tag must be inserted in the designated label holder. If there isn't one, it can be attached using glue. However, wide area, flat gluing is not permitted.

Out-of-date transport labels or tags on packages and load carriers must be removed prior to delivery to the SumiRiko AVS Group. In case of missing, glued, illegible or incompletely filled-out tags, the supplier shall be billed the charges incurred in each individual case.

For deliveries to the SumiRiko AVS Group, the tag that meets the VDA –recommended 4902, (Annex 11) Version 4 most up-to-date version shall be used. Two formats are described in this recommendation:

- a. Standard format 210x148mm for large load carriers, (Crates, pallets, etc.)
- b. Format 210x74mm for small load carriers (KLT)

6.1.2 Health and safety labels

The supplier must secure that hazardous symbols (pictograms) as well as other legally required hazardous warning information are clearly visibly and permanently attached to all the individual packaging units as well as on the outer packaging of the shipping units. They have to comply with the specific legal requirements (Hazardous goods regulation).

In the EU, the classification and labelling of hazardous chemicals is governed by Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures (the 'CLP Regulation'). (Annex 2)

7 Shipping documents

The supplier is obliged to ensure that all shipments comply with all required documents for export and import at customs clearance. The documents shall be made available at the latest upon pick-up to the party responsible for clearance according to the agreed Incoterm. The minimum documentary requirements can be requested at the responsible Governmental Authorities in each country. The supplier has to ensure that the documents are issued correctly and in advance so that the transport will not be delayed due to documentary issues.

Delivery note DIN 4991 / VDA 4912

A delivery note that complies with DIN 4991 / VDA 4912 (annex 14) in its most current version must be used for all deliveries. Manually written delivery notes are not permitted; the same applies to loading lists. Furthermore, remote data transmission (RDT) for delivery note information according to VDA-recommendation 4913 (Annex 13) must be observed.

The following variant for RDT and delivery notes is possible:

Variants	Remote data transmission	Delivery document
1	Delivery note (RDT) acc. to VDA 4913	Delivery note acc. to DIN 4994

When shipping the goods through a forwarding- or parcel service provider, the delivery note must be enclosed with the shipping order. When sending packages, the delivery note must be enclosed in a clear envelope attached to the package.

Shipping order VDA 4922

In addition to the delivery note, a bill of lading / shipping order in accordance to VDA 4922 (Annex 12) must always be handed over along with the shipment. The delivery note number must be recorded on the bill of lading.

7.1 Origin of goods and preferences

When delivering goods to SumiRiko AVS, a long-term supplier declaration for goods with preference of origin in accordance to EU Directive 1207/01 (Annex 19) must be submitted to SumiRiko AVS Logistics department prior to making the first delivery. A reference to the goods shall be made by including the SumiRiko AVS item number in the supplier declaration. The long-term supplier declaration must be sent to SumiRiko AVS annually.

The supplier is responsible for the accuracy and completeness of the long-term supplier declaration. The supplier shall assume complete liability in case of incorrectly generated supplier declarations and resulting claims from our customers. According to a random-basis selection, the SumiRiko AVS Group shall review the accuracy of a supplier declaration using the INF 4 information sheet (Annex 19).

7.2 Lot designation and traceability in production

The supplier must clearly indicate the production lot in every shipment. Supplier has further to ensure that different types of products are delivered in individual packaging units in order to prevent mixing and confusion. Each packaging unit must contain only one single type of product out of a production lot.

7.3 Material shelf life

Shelf life is the length of time that a product may be stored without becoming unfit for use. It is the recommended maximum time for which products can be stored, during which the defined quality of a specified proportion of the goods remains acceptable under specified conditions of distribution and storage.

The total shelf life and/or expiration date must be indicated by the supplier according to product specification.

8 Logistics Quality

SumiRiko AVS Group expects highest quality of logistics, as such each plant need to make sure that we as a company and our suppliers respect the below standards.

- Quality Management System certified acc. Minimum ISO 9001 with compliance to ISO /IATF 16949 (Annex 17, 18)
- In order to have the basic control of the corporate logistics and understand the charecteristic requirement to improve logistics performance, supplier shall follow the –VDI 2525 guideline. (Annex 16)
- Commitment to the zero-defects principle
- Clear environmental standards (e.g. ISO 14001 recommended) (Annex 17)
- Tracebility throughout the entire supply chain
- Supplier delivery performance is measured by MPM indicator. The supplier must deliver the exact quantity of goods at the time requested by respective SumiRiko AVS plant. Just as the supplier quality performance is measured in PPM, the indicator which measures supplier delivery performance is : Misdelliveries per Million (MPM)

Misdelliveries per Million (MPM) is defined as:

$$\frac{\text{Number or order lines delivered in the wrong quantity or at the wrong time}}{1.000.000} \times \text{Total number of order lines}$$

8.1 Logistics Complaints

A logistics complaint can be triggered by a failure in processes at SumiRiko AVS Group that was caused by the supplier.

Logistics complaints are recorded and evaluated internally by SumiRiko AVS in terms of the costs caused in this context. For each Logistics complaint, SumiRiko AVS reserves the right to charge administrative and all other costs related to the claim.

The supplier shall be liable for costs arising from logistics errors and/or damages in line with the causation principle.

SumiRiko AVS shall be entitled to claim financial compensation for damages caused by such non-compliance with any obligation of the supplier.

The supplier is notified of a logistics complaint and is required to analyze the failure pattern or the logistics failures and implement appropriate counter measures. The logistics complaint from SumiRiko AVS Group is to be processed and documented by the supplier in line with the 8D system and evidence of such must be submitted upon request.

For all suppliers, a logistics self-assessment including planned measures (for example based on Global Materials Management Operations Guidelines / Logistic Evaluations (abbr.: MMOG/LE) can be demanded (Annex 9).

8.2 Categories of logistics complaints

The below categories complaints are controlled and communicated to the supplier:

- Quantity Differences: Higher or Lower than ASN/ delivery note
- Delivery notes: No ASN at delivery, incorrect/ missing data, deviation between ASN and delivery note
- Packaging: Barcode, incorrect labelling of packaging unit, wrong or missing material tag, damage of product, damage or pollution of container/ packaging, incorrect packaging
- Incorrect delivery: Delivery to incorrect customer unloading point, delivery to incorrect customer, mixed delivery, incorrect product delivered
- Late or early delivery of goods versus last order
- Rescheduling the production: Stop of production line at SumiRiko AVS Group, Stop of production line at SumiRiko AVS Group customer
- Delivery reliability / performance: Assessment of compliance with min/max inventory limits when using VMI or compliance with delivery dates and quantities for call-offs
- Missing declaration for goods with preference of origin
- Missing signed Logistic Protocol
- Communication, cooperation, flexibility assessment:

8.3 Controlling of logistics performance by supplier

The Logistics staff will monitor the performance indicators as per below to determine their suppliers logistics performance, and will provide SumiRiko AVS Group with the results and relevant documentation on request.

- Delivery reliability / performance
The supplier has a system for monitoring and measuring his delivery performance (date, quantity) based on the order data from the respective SumiRiko AVS plant supplied. Measurement and recording must be carried out at least monthly.
- Special transports
The supplier shall maintain monthly records of all special transports made to SumiRiko AVS Plant (number, date, affected part numbers, cause and cost).
- Logistics quality
The supplier shall internally monitor their logistics quality. Monitoring must include complaints from receiving locations in the supply chain (e.g. SumiRiko AVS plant supplied, forwarder, warehouse, SumiRiko AVS customer). In addition, the supplier must maintain a complaint management system for delivering locations and monitor these complaints.
For all named key figures, an effective deviation management must exist (e.g. plan-do-check-act (abbr.: PDCA)) with the aim of improving the involved logistics processes and their key figures.

9 Emergency Concept

9.1 Emergency plan

The supplier must have developed an emergency concept for the eventuality of disturbances affecting its logistics and/or production both for flow of material and information. This needs to be approved by SumiRiko AVS logistics department. Disturbances may include:

- Relocation of tools and machinery
- Damage or delays in shipment
- Non-conformities
- Tool/ equipment/ machinery breakage
- Disturbances in supplies from subcontractors
- Computer/ network problems
- Other events (e.g. of force majeure such as strikes, accidents, flooding, hurricanes, fire, earthquakes etc.)

Supplier is required to develop, define and implement emergency procedures to ensure smooth supplies to SumiRiko AVS even in the event of such disturbances listed above, Supplier must promptly notify SumiRiko AVS in order to ensure timely, effective liaison and adequate supplies to SumiRiko AVS. Supplier is requested to designate contact persons who shall be available at all times to deal with such emergencies. Supplier must notify SumiRiko AVS of the names of these contacts. (Name of the contact, nominated deputy and superior, with E-mail address, phone and fax numbers).

If possible the FMEA method for the detection of fault possibilities and influence analysis is to be applied .

9.2 Allocation of resources

The supplier is obliged to ensure that resources are allocated in such a way as to ensure a secure supply of products to SumiRiko AVS Group.

Supplier is obliged to permanently keep, without additional compensation, an appropriate safety stock on hand exceeding the quantity currently to be delivered. This stock has to be ensured at any time including periods of maintenance.

10 Plants Specific Requirements

Plant specific requirements must be agreed with the receiving SumiRiko AVS plant before the start of production. The logistics agreement in use should include:

- General Information with mandatory annexes
- Parties with process involvement (SumiRiko AVS Plant/ Supplier/ Service Provider/ Carrier)
- Data transfer procedure
- Transport/ Empties Management
- Packaging instructions
- Warehouse opening time

11 Attachments

1. Packaging Standard

SUMITOMO RIKO GROUP

SumiRiko AVS Germany GmbH

PACKAGING STANDARD			
SumiRiko AVS Art. no.	Art. Description	Drawing index	Supplier Name
Supplier's contact person		Phone number	E-mail
SumiRiko AVS plant	SumiRiko AVS contact	Phone number	E-mail
Article Dimensions and weight [mm/kg]			
Please insert Picture of Article		L X W X H	
		Net Weight	
Box Dimensions & Weight [mm/kg]			
Please insert Picture of Articles inside the Box		L X W X H	
		Net Weight	
		Gross Weight	
		Pieces/Box	
		Returnable	Yes <input type="checkbox"/> No <input type="checkbox"/>
		Owner	
Transport item (Pallet / Wooden crate / Container) [mm/kg]			
Please insert Picture of Boxes in Pallet		L X W X H	
		Net Weight	
		Gross Weight	
		boxes/pallet	
		Returnable	Yes <input type="checkbox"/> No <input type="checkbox"/>
		Owner	
Stackable	Yes <input type="checkbox"/> No <input type="checkbox"/>	Up to X times	
Returnable	Yes <input type="checkbox"/> No <input type="checkbox"/>	Max. topload possible [kg]	
Dangerous Goods	Yes <input type="checkbox"/> No <input type="checkbox"/>	IPPC treated	Yes <input type="checkbox"/> No <input type="checkbox"/>
UN No. / Class			
Comments			
Supplier		SumiRiko AVS	
Done by		Approved by	
Date		Date	
Signature		Signature	

2. EDI Parameter Sheet

This is an example. Please be aware to request the current version from edi.support@avs.sumiriko.com.

EDI Parameter

for OFTP-TCP/IP Communication with BIS:CloudConnector System

Contact EDI	Seeburger Clearing Center
SumiRiko AVS Germany GmbH	edi.support@avs.sumiriko.com
OFTP Test Connection	Managed Services SEEBURGER AG Phone: +49 (0) 7252-96-1443 E-mail: servicedesk@seeburger.de
OFTP Productive System Support (Technical Support / Helpdesk)	Seeburger Support Phone: +49 (0) 7252-96-1443 Fax: +49 (0) 7252-96-2211 E-mail: servicedesk@seeburger.de

OFTP2

Login SEEBURGER BIS:CloudConnector (BIS:CC)	
TCP	DNS Name BIS:CC
Seeburger DNS Name	gateway-oftp.bxx.seeburger.de
IP address	213.144.25.130 (inbound), 213.144.25.4 (outbound) 213.144.1.42 (outbound)
Port OFTP2 (Please, use only for TLS connections – OFTP2)	6619
Protocol	OFTP-TCP/IP
File format	ASCII
Record Length	Unstructured: yes
Use TLS (OFTP2 only)	yes
TLS certificate CA (OFTP2 only)	TC Trustcenter Class 2 L1 CA
Send EERP	yes
Stand-by	0-24h
Software	BIS Seeburger

OFTP/ISDN

Login SEEBURGER BIS:CloudConnector (BIS:CC)	
ISDN	ISDN network address (BIS:CC)
ISDN main number for outgoing and incoming calls (This is BIS:CC main number. All outgoing calls to partners will go over this number. Incoming calls will be accepted, too.)	0049 (0) 721 4809798
Protocol	OFTP-ISDN
File format	ASCII
Record Length	Unstructured: yes
Send EERP	yes
Stand-by	0-24h
Software	BIS Seeburger

EDI Parameter

for OFTP-TCP/IP Communication with BIS:CloudConnector System

ODETTE CODE

All locations share the same SSID, certificate and Password:

SSID: 00013000031SEE30532CL02

Password: SEEBUR

Company	Location	DUNS	SFID
SumiRiko AVS Czech s.r.o.	Drnovice	366969768	00013009944-SRK-CZ
SumiRiko AVS France S.A.S.	Epinal	265842369	00013009944-SRK-EPF
SumiRiko AVS Germany GmbH	Steinau	329135839	00013009944-SRK-GER
SumiRiko AVS Romania S.R.L.	Satu Mare	366461291	00013009944-SRK-RO
SumiRiko AVS Spain S.A.U.	Soria	469571699	00013009944-SRK-ES
SumiRiko AVS Wuxi Co. Ltd.	Wuxi	544768542	00013009944-SRK-WUX
SumiRiko Industry France S.A.S.	Decize	261828566	00013009944-SRK-INF
SumiRiko Rubber Compounding France S.A.S.	Decize	270207962	00013009944-SRK-RCF
SumiRiko SD France S.A.S.	Decize	270741528	00013009944-SRK-SDF

3. VDA Label

(1) Recpt. of goods Thyssen Krupp Bilis Bilstein Fulfillment		(2) Unload site - Warehouse - Utilization code	
(3) Delivery slip No. (NI) 404172 		(4) Shipm. address (Abbrev. Plant, ZIP, City) SumiRiko AVS Czech s.r.o., Drnovice 146, CZ 76325 Ujezd	
		(5) Net weight 16.00	(6) Gross weight 27.75
		(7) No. Parcels 1	
(8) Part-No. Client (P) E4-AP1-Z026A02 			
(9) Fill Quant. (Q) 8000 		(10) Shipm. Designation, Performance Anschlagpuffer	
		(11) Part-No. Vendor 0211018A / FITOPAL 	
(12) Vendor number (V) 980433 		(13) Date D13-SEP-17	
		(14) Modific. status construction	
(15) Package No. (B) M404172001 		(16) Lot No. (H) TST006832 	
(17) SumiRiko AVS Czech s.r.o., Drnovice 146, CZ 76325 Ujezd		Goods code (VDA450) Version 4	

12 Annex

1. Incoterms® 2020 rules

<https://iccwbo.org/resources-for-business/incoterms-rules/incoterms-2020/>

2. CLP Regulation (EC) No 1272/2008

<http://data.europa.eu/eli/reg/2008/1272/oj>

3. FEFCO

www.fefco.org

4. European Organization for Packaging and Environment

www.europen.be

5. Container Handbook

https://www.containerhandbuch.de/chb_e/index.html

6. European Organization for Packaging and Environment

<http://www.europen-packaging.eu/library/publications/11-guides/258-legislation-book.html>

7. International plant protection convention

<https://www.ippc.int/en/>

8. EPAL

<http://www.epal-pallets.org/>

9. MMOG/LE

<https://www.vda.de/de/verband/fachabteilungen/fachabteilung-logistik/services/mmog-le-bestellung.html>

VDA

<https://www.vda.de/en>

10. VDA 4905

https://www.vda.de/dam/vda/publications/1295615609_de_953969827.pdf

11. VDA 4902

<https://www.vda.de/de/services/Publikationen/vda-4902-version-4---warenanhang-ger.html>

12. VDA 4922

https://www.vda.de/dam/vda/publications/4922%20-%20Speditions-Auftrag/1311772932_de_916664021.pdf

13. VDA 4913

<https://www.vda.de/de/Search-Results.html?q=VDA-+4913+>

14. VDA 4912

<https://www.vda.de/de/Search-Results.html?q=4912>

15. VDA 4525

<https://www.vda.de/de/services/Publikationen/vda-4525.html>

16. VDI 2525

https://www.vdi.de/technik/fachthemen/produktion-und-logistik/richtlinien/?tx_wmdbvdirilisearch_pi1%5Bsuid%5D=90170&cHash=55ae5b99f1e1ac8ae7f7378aeca02fe0

17. ISO

<https://www.iso.org/home.html>

18. IATF- ISO/TS 16949

<http://www.iatfglobaloversight.org/isots-169492009/about/>

19. Commission Implementing Regulation (EU) 2015/2447

http://eur-lex.europa.eu/eli/reg_impl/2015/2447/oj

20. CSCMP Glossary

http://cscmp.org/CSCMP/Educate/SCM_Definitions_and_Glossary_of_Terms/CSCMP/Educate/SCM_Definitions_and_Glossary_of_Terms.aspx?hkey=60879588-f65f-4ab5-8c4b-6878815ef921

21. Packaging Standard

<https://avs.sumiriko.com/de/download/>

22. Web Edi

<https://webedi.avs.sumiriko.net/>