

DRÄXLMAIER Group Logistics Requirements for Production Material

Revision 4, dated Jan. 1, 2022

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List of Abbreviations / Definitions

- AIAG Automotive Industry Action Group
- CMR Convention relative au contrat de transport international de marchandises par route, Convention on the Contract for the International Carriage of Goods by Road
- DIN German Industrial Standard
- EDI Electronic Data Interchange
- EU European Union
- IPPC International Plant Protection Convention
- IT Information Technology
- JIS Just-In-Sequence
- JIT Just-In-Time
- OEM Original Equipment Manufacturer
- ODETTE Organization for Data Exchange by Teletransmission in Europe
- UIC Union internationale des chemins de fer, International Union of Railways
- VAT ID VAT Identification Number
- VDA Verband der Automobilindustrie (The German Association of the Automotive Industry)
- VMI Vendor Managed Inventory

Applicable Documents

ISPM 15/IPPC – Standard	International Standards for Phytosanitary Measures, ISPM 15
IATF 16949	The International Automotive Task Force
INCOTERMS 2020	International Chamber of Commerce, ICC International and national rules for the transport of hazardous tools (current version)
USMCA	United States – Mexico - Canada Agreement

Applicable for ship-to locations in the EMEA region only:

UIC Standard 435	Standards of the International Union of Railways for Pool Pallets
VDA-Recommendation 4500	Small Load Carrier (SLC)
VDA-Recommendation 4905	Delivery instruction with EDI
VDA-Recommendation 4912	Electronic data interchange goods issue slip
VDA-Recommendation 4915	Delivery instruction with EDI
VDA-Recommendation 4922	Forwarding Instruction EDI
VDA-Recommendation 4994	Global Transport Label
DIN 4991	Business form: Delivery note
VDA 6.1	
QS9000	
CMR	

Introduction

The General Logistics Terms for Production Material define the general conditions of logistics that apply between the supplier and the DRÄXLMAIER Group. In this document, the DRÄXLMAIER Group and all the affiliated companies are referred to as "DRÄXLMAIER".

They are applicable to all the scopes of supply and deliveries by the supplier and its companies to the companies of the DRÄXLMAIER Group.

1. Communication and Planning Guidelines

- The DRÄXLMAIER material number must be stated for communication with DRÄXLMAIER
- The supplier shall inform DRÄXLMAIER's Logistics Department immediately whenever lead times or delivery dates cannot be adhered to.
- Planned capacities must ensure that short-term schedule fluctuations can be compensated.
- The supplier shall ensure its capacities in such a way that additional capacities can be generated if unforeseen events occur.
- The opening hours and holiday periods at DRÄXLMAIER generally have to be complied with.
- DRÄXLMAIER is to be informed of special transport or storage requirements.
- Notifications when logistics variables change:
 - Any change in the production location or the ship-from location
 - Product changes that affect the packaging or the logistics processes at DRÄXLMAIER

2. Ordering Process

2.1 Delivery schedule, Delivery Dates, Flexibility for Schedule Fluctuations and Purchase Commitment

The binding quantities and delivery dates to be delivered by the supplier normally result exclusively from the individual forecast delivery schedules.

The diagram below contains an example of two consecutive delivery schedules with schedule fluctuations and the purchase commitment period.

Delivery schedule from Monday 01.01.

Delivery date	Backlog	05.01.	12.01.	19.01.	26.01.	02.02.	09.02.	16.02.	...
Quantity		100	100	80	100	60	0	100	...
Purchase commitment*	FM	FM	FM	RM	RM	No purchase commitment / forecast			
		For supplier binding delivery dates until next delivery schedule.							

*Purchase commitment as of delivery schedule date (01.01.)

- 2 weeks for finished material (FM) through 14.01.

- a further 2 weeks for raw material (RM) up to 28.01.

Delivery schedule from Monday 08.01.

Delivery date	backlog		12.01.	19.01.	26.01.	02.02.	09.02.	16.02.	...
Quantity	100		120	100***	120	80	10****	120	...
Purchase commitment**	FM		FM	FM	RM	RM	No purchase commitment forecast		
		For supplier binding delivery dates until next delivery schedule.							

** Purchase commitment as of delivery schedule date (08.01.)

- 2 weeks for finished material (FM) through 21.01.

- a further 2 weeks for raw material (RM) through 04.02.

*** Flexibility for schedule fluctuations: Schedule quantity increased by 20% including rounding up to delivery batch size (as example delivery batch size 10)

**** Flexibility for schedule fluctuations: Schedule quantity increased by 20% including rounding off from 0 to delivery batch size (as example delivery batch size 10)

Schedule Transmission

Transmission will be made via EDI in accordance with the currently valid norm (VDA or EDIFACT DELFOR). If EDI is not available, schedules can be sent via e-mail following written approval by DRÄXLMAIER. Schedules are usually transmitted once per week or more frequently in case of demand changes.

Rolling schedules

According to automotive standards, schedules are made on a rolling basis. The quantities and delivery dates may change from schedule to schedule. The most recent delivery schedule shall be valid for the delivery.

Delivery Dates are Arrival Dates

The delivery dates stated in the schedules are to be understood basically as arrival dates at the relevant ship-to address of DRÄXLMAIER independent from the agreed INCOTERM. The supplier shall be responsible for adherence to the arrival dates. It will ensure this when processing the delivery schedules in its ERP system. The freight forwarder must be notified in time and the transportation time must be considered. The transport notification period and transportation time of the relevant effective DRÄXLMAIER shipping instructions shall apply for collect shipments (freight payer DRÄXLMAIER)

If the stated delivery date falls on a public holiday in the relevant country or state noted on the delivery address, the last working day prior to the public holiday shall apply as the delivery date. The business hours and holiday periods of DRÄXLMAIER must generally be complied with.

Delivery Frequency

The delivery frequency is based on the delivery dates in the delivery schedules, it is usually once per week.

Objection to a delivery schedule

The supplier is not required to confirm the forecast delivery schedule. The supplier shall accept the forecast delivery schedules and process them punctually within the deadlines specified therein, insofar as they do not differ by more than +20% of the communicated quantities; objections cannot be raised concerning this matter. Delivery dates and quantities that are exceeded by +20% shall be considered as confirmed if no objection is raised within 3 working days or within a stipulated date.

New delivery schedules with unchanged or lower final cumulative quantities (cumulated supplied quantities and open requirements up to the relevant delivery date) compared with previous delivery schedules do not entitle the customer to raise an objection.

Proactive Capacity Planning

Even if the quantities in the delivery schedules exceed the originally planned capacities of the supplier, these quantities and delivery dates shall be considered as confirmed if no objections are raised within 3 working days or an agreed time limit.

Flexibility for Schedule Fluctuations

Delivery schedule fluctuations are schedule quantities and/or delivery dates that are changed from the preceding delivery schedule. The supplier shall hedge fluctuating requirements by maintaining safety stock or flexible production. For schedule increases, a minimum flexibility of 20% from delivery schedule to delivery schedule must be maintained per order rate/delivery date. Regardless of the minimum flexibility of 20%, both rounding up to the next delivery batch size and an increase of 0 to the smallest delivery batch size can be made. DRÄXLMAIER can optionally reduce the delivery schedule quantities at any time. If this concerns a delivery schedule quantity for which there is already a purchase commitment (final product and raw material), it will remain in place, DRÄXLMAIER is allowed to postpone the delivery schedule date to a later date.

Flexibility for Project Peak Quantities

A flexibility of at least +15% must be taken into consideration for the maximum quantities (peak quantities) agreed on in carline projects.

Lead Time for Delivery Schedules without Forecast

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The supplier can only rely on a replenishment lead time or delivery time it has stated if not preview was made at all in the forecast delivery schedules. Even if the replenishment lead time or delivery time was not included in the delivery schedule, the delivery times shall be deemed as confirmed if no objections are raised within 3 working days or within an agreed time limit.

Safety Stock

Safety stock represents the minimum requirement to ensure flexible supply to DRÄXLMAIER. The supplier must also take measures independently to protect against any risks in its internal process. The supplier shall maintain a safety stock of 3 working days for the products to be supplied (based on the average demand for the next 4 weeks). If the DRÄXLMAIER production location and the supplier's ship-from plant are on different continents, the supplier shall maintain safety stock for 10 working days.

Purchase Commitment

A purchase commitment specifies the delivery schedule quantities that the ordering DRÄXLMAIER company is obligated to purchase. The period of the purchase commitment is 2 weeks for finished materials and another 2 weeks for raw materials. The period starts with the transmission of the delivery schedule. All the delivery schedule quantities that are beyond this period are non-binding forecast figures that assist the supplier in its planning. The purchase commitment applies only in the case of a cancellation of all delivery schedules, usually at the end of the project. Delivery schedule/postponed delivery dates do not justify a purchase commitment.

2.2 Special Forms of Delivery

Special forms (daily JIT delivery schedules, JIS or VMI) can be used in addition to the forecast delivery schedules for suppliers that make deliveries more than once a week. A process-specific individual agreement is concluded for that purpose. The JIT delivery schedules to be processed by the supplier are the currently valid VDA norm, EDIFACT or Internet.

2.3 Ship-to Addresses/ Invoice Addresses/ Productions Plants

Information on ship-to and invoice addresses, insofar as they are abbreviated in the forecast delivery schedules as plant numbers, are given in the DRÄXLMAIER Supplier Portal: <https://www.draexlmaier.com/supplier-portal/>

The ship-to address is not necessarily also the production location. Depending on the delivery lane the ship-to address can be a cross dock location and the material will be forwarded DRÄXLMAIER internally to the final production location. In individual cases, divergent ship-to addresses will be agreed on separately.

The ship-to address for the pre-series production location can vary from the ship-to address for the series production location.

2.4 Lot Sizes

Delivery lot size (minimum order quantity MOQ) is generally the smallest packaging unit. A production lot size used by the supplier, if any, is independent of this. If necessary, the minimum lot size is 1 during the pre-series and in the expiry phase of a project.

2.5 Special Transport

Special transport require individual agreement between the supplier and the DRÄXLMAIER Material Control department. If there is threat of production line stop caused by a supplier at DRÄXLMAIER's plant or at the plant of DRÄXLMAIER's customer (e.g. delayed deliveries, deliveries of defective products), special transports may be organized by DRÄXLMAIER. They will be announced to the supplier and will be charged to the supplier as claims for damages.

3. Logistics Costs

Container and transport costs are to be given in detail in the supplier's quotation as required in the RFQ and itemized as specified below.

The piece price contains all the supplier's internal logistics expenses, including packing process into the quoted packaging, as well as loading on the first means of transport. The costs of packaging must be indicated separately in detail.

The transport costs from the shipping point to the place of destination must be indicated according to the quoted delivery terms.

4. Packaging

Packaging for supply to the DRÄXLMAIER plants must fulfill the requirements mentioned below. Deviations must be approved by the responsible DRÄXLMAIER Packaging Planning department before shipment is made. Changes to the finally approved packaging concepts are not permitted without written approval by the Packaging Planning department. Inbound deliveries must be made in the agreed packaging concept starting with the approval by DRÄXLMAIER.

DRÄXLMAIER reserves the right to make changes to the packaging per agreement with the supplier or for justified reasons.

4.1 General Information

- a) The supplier is responsible for the quality and delivery of the products and therefore also for compliance with the packaging requirements and the choice of suitable packaging.
- b) The packaging must protect the goods from damage. Aspects to be complied with include: the product type, the shipment type, the transport route, quality requirements and legal regulations.
- c) The delivered products must be free of any contamination.
- d) Excessively costly packaging must be avoided (e.g. banding instead of stretch wrapping of loading units). Filling materials must be reduced to a minimum. The process-oriented choice of packaging should comply with the principle of economical and environmental use of resources.
- e) Health and safety regulations must be complied with in the weights of individual packaging units; a weight of 15 kilograms should not be exceeded. Deviations can be agreed on the basis of regional particularities.
- f) Reusable packaging must be given priority to disposable packaging and must be completely drainable and easy to clean. The use of reusable and disposable packaging shall be based on the location of the actual production plant and the distance between the sites. Disposable packaging must be used for emergency packaging and for sea freight shipments.
- g) Tool costs that may arise for containers must be indicated separately.
- h) Packaging must be clearly and appropriately marked by the supplier to ensure the containers are handled according to the order. Marking (label) must be attached with glue points or inserted in the holes provided for that purpose. If required, additional symbols must be attached for handling and for the properties of the container. Covering the whole surface with labels should be avoided.
- i) Reusable special packaging must be provided with the DRÄXLMAIER identification label as specified. Labels will be created per agreement with the responsible DRÄXLMAIER Packaging Planning department. Identification labels must not be removed from reusable packaging.
- j) A regular supply of empties (based on the delivery schedules) will be carried out according to joint agreement between the supplier and DRÄXLMAIER. Additional needs must be requested by the supplier and will be reviewed by DRÄXLMAIER on a case-by-case basis within up to five working days. Empties shall be returned either in direct exchange or by separate supply or collection.

- k) Responsibility and costs for the return of empties shall be stipulated as follows, unless specified otherwise:
 - a. If DRÄXLMAIER pays for the freight of the full loads, return of the empties will also be paid by DRÄXLMAIER
 - b. If the supplier pays for the freight of the full loads, return of the empties will be paid by the supplier
- l) The ISPM 15 standard must be complied with for pallets, insofar as this is required on the delivery route from the supplier's dispatch location to the DRÄXLMAIER production location.
- m) If parts subject to damage by electrostatic discharge are supplied, ESD containers or special protective packaging and ESD marking must be used.
- n) For each ordering plant or unloading point mixed pallets can be created, which must be marked with a separate label.
- o) In individual cases, incomplete layers can be filled up with empty containers upon request by DRÄXLMAIER.
- p) Suppliers are not permitted to mark loading units as „not stackable” without the approval of DRÄXLMAIER.

4.2 Packaging Dimensions and Stackability

The following concept is required in order to both enable optimal transport capacity utilization and maximum stacking in terms of a sustainable supply chain and to comply with storage dimensions:

		DRX production location				
		Americas		Asia	EMEA	RSA
Supplier dispatch location	Americas	US: 48 x 45 x 48 Inch 1219 x 1143 x 1219 mm	MX: 48 x 45 x 50 Inch 1219 x 1143 x 1270 mm			
		Truck 53ft: 52ft6" x 100 x 110 Inch 16000 x 2560 x 2794 mm			<div style="border: 1px solid black; border-radius: 15px; padding: 10px;"> All overseas lanes: 44.09 x 28.35 x $\frac{104.33}{st.f.}$ Inch 1120 x 720 x $\frac{2650}{st.f.}$ mm --- 40 feet High-Cube Container 473.7 x 92.6 x 106.3 Inch 12032 x 2352 x 2700 mm </div>	
	Asia		1120 x 720 x $\frac{2200}{st.f.}$ mm			
				Truck: 12000 x 2350 x 2400 mm		
EMEA		<div style="border: 1px solid black; border-radius: 15px; padding: 10px;"> All overseas lanes: 44.09 x 28.35 x $\frac{104.33}{st.f.}$ Inch 1120 x 720 x $\frac{2650}{st.f.}$ mm --- 40 feet High-Cube Container 473.7 x 92.6 x 106.3 Inch 12032 x 2352 x 2700 mm </div>			1200 x 800 x 1000 mm	
RSA					Truck: 13600 x 2450 x 3000 mm	
						1200 x 800 x $\frac{2000}{st.f.}$ mm
						Truck: 12200 x 2500 x 3000 mm

Figure 1 st.f. (stacking factor)

The figure above shows both the requirements for the dimensions of a loading unit and information on the dimensions of standard transport equipment. This refers to a combination of the supplier's ship-from location and the DRÄXLMAIER production location.

The given dimensions refer to a fully shippable loading unit (maximum number of packaging units including pallet and if necessary lid).

The height of the loading unit depends on the usable inner height of the transport equipment (usually inner height minus 50mm for loading and unloading) and the achievable packing density due to the component geometry. The loading unit height thus results from the usable inner height divided by an optimal stacking factor (st.f.).

4.3 Pre-Series and Series Containers and Packaging Data Sheet

- a) Pre-series packaging:
The supplier bears sole responsibility for providing a suitable and safe packaging solution at its own cost (cost of the supplier) which ensures the quality of the components until the stipulated series packaging is used (see below).
- b) Series packaging:
 - a) Series packaging (also emergency packaging and spare parts packaging) shall be approved specific to the product by the DRÄXLMAIER Packaging Planning department and documented in the packaging data sheet.
 - b) Only full packaging units may be shipped, unless otherwise agreed.
 - c) DRÄXLMAIER may, at its own exclusive discretion, e.g. for a justified reason, agree to the use of non-standard packaging. Packaging like that must be agreed on in due time and documented in the packaging data sheet per agreement with the DRÄXLMAIER Packaging Planning department.
 - d) The supplier shall specify suitable emergency packaging for each reusable packaging concept. The filling degree should correspond to the one of the series packaging.
 - e) The use of emergency packaging must be agreed to by DRÄXLMAIER before delivery on a case-by-case basis. Exceptions must be appropriately marked on the delivery note (for example: Emergency packaging).
 - f) In the event of product changes (type, shape of the components), the supplier shall examine the approved series packaging and adapt or replace it, if necessary, after consultation with the DRÄXLMAIER Packaging Planning department.
- c) Packaging data sheet:
Upon request by DRÄXLMAIER, the approved series packaging must also be documented in writing in a packaging data sheet signed by the supplier and the responsible DRÄXLMAIER Packaging Planning department.
The blank version of the packaging data sheet can be obtained via the DRÄXLMAIER Supplier Portal at <http://www.draexlmaier.com/supplier-portal.html>.

4.4 Procurement of Reusable Packaging

Packaging quantities, loop days and procurement will be agreed on specific to the product between the DRÄXLMAIER Packaging Planning department and the supplier.

DRÄXLMAIER will cover not more than the packaging loop between DRÄXLMAIER and the supplier. The supplier shall have overall responsibility (maintenance, cleaning, availability, disposal, etc.) for further container needs (e.g. processes of sub-suppliers) and will also remain the owner of this corresponding number of containers. If packaging quantities are needed for batch size production, they have to be agreed prior to supplier nomination.

4.5 Cleanliness, Repair, Loss and Scrapping

- a) Container identification labels on the DRÄXLMAIER reusable packaging may never be removed.
- b) Old shipping labels or other misleading labels must be removed before the next stocking. The supplier shall clean the containers so that component quality is ensured, however they must at least be swept clean. Additional agreements specific to the project and the process may be made and must be stated separately.

- c) The DRÄXLMAIER Packaging Control or Packaging Planning departments must be consulted prior to any repairs to containers owned by DRÄXLMAIER. Repairs and the associated expenses shall generally be charged to the responsible party. If the cause cannot be attributed to a particular party, the costs of the repairs or the expenses related thereto will be divided up between DRÄXLMAIER and the supplier at a ratio of 50:50. If a container defect poses a risk to the quality of the component, it must be reported to DRÄXLMAIER.
- d) Losses will be billed at full replacement value. This ruling applies to reusable containers owned by DRÄXLMAIER and for empties owned by third parties which can no longer be returned by the supplier.
- e) Packaging owned by DRÄXLMAIER may be only be scrapped with written approval of the responsible DRÄXLMAIER Packaging Control or Packaging Planning departments.
- f) If applicable specified limit values for dirt particles that cling to the packaging must be adhered to by the supplier in terms of technical cleanliness (TecSa). Product and process-specific requirements will be agreed to separately and must be complied with.

4.6 Inventory Management

- a) DRÄXLMAIER and the supplier shall keep an inventory account for all the reusable containers.
- b) Monthly inventory reconciliation will usually be made with the supplier on the accounts. For this purpose, the supplier will receive a monthly account report from DRÄXLMAIER. If there are no movements between the DRÄXLMAIER sites and those of the supplier within two consecutive months, the supplier will receive a statement in the third month.
- c) The supplier may raise an objection to the account report of DRÄXLMAIER within a period of two weeks after receipt of the report. If no objection is raised within this time, the inventory listed in the account report shall be deemed accepted by the supplier. DRÄXLMAIER uses its account report for any settlement of the open balances of non-returned reusable containers with the supplier.
- d) The parties shall perform an annual container inventory on 31 December every year. The supplier shall transfer the inventory to DRÄXLMAIER as part of the returnable packaging account matching. If confirmation of the inventory is not made, DRÄXLMAIER reserves the right to offset against the missing containers.
- e) Under certain circumstances, the containers of Europool (pallet cages and Euro pallets) can be exempted from the account management.

4.7 Container Surpluses

- a) In the event of container surpluses owned by DRÄXLMAIER (e.g. upon expiry of a supply relationship, a project, special supply scopes or quantity fluctuations), the supplier shall report these surpluses in writing to the responsible DRÄXLMAIER Packaging Control or Packaging Planning departments. DRÄXLMAIER is entitled to assume all the containers assigned to this supply relationship, this project or this supply scope free of charge.
- b) If no agreement was made on the stock quantity, continuously negative stock on the accounts of DRÄXLMAIER shall be deemed to be container surpluses. If the supplier is not able to make up for these container surpluses with appropriate return deliveries or to compensate for transfers by DRÄXLMAIER, the surpluses will be rated as losses and will be assessed with the full replacement value. This amount can be billed to the supplier by DRÄXLMAIER.

4.8 Packaging Information on the Delivery Note and ASN

The delivery notes / good issue slips must basically contain the following information:

- Container ID of DRÄXLMAIER (e.g. 59991-xxxx)

- Designation of the containers/loading units
- Number of containers

5. Labeling of Goods

5.1 Transport Label

The supplier shall ensure that every container is marked with a transport label (single label) according to VDA Recommendation 4994 or AIAG. In addition, a master label for each unmixed loading unit or a mixed label for mixed pallets must be used. The transport label may not stick out after being attached and must be electronically readable.

Details on the transport label requirements can be obtained in the DRÄXLMAIER Supplier Portal at <http://www.draexlmaier.com/supplier-portal.html>.

5.2 Minimum Durability

In the event that a product has only a limited durability, a use-by date must be indicated on each transport label. Products with a limited durability must be indicated as such in the offer with the durability period.

5.3 Dangerous Goods

The supplier shall label containers with dangerous goods in accordance with international and national legal regulations; in doing so, the delivery route from the supplier's ship-from location to the DRÄXLMAIER production location must be considered.

6. Transport

6.1 Terms of Delivery/ Trade Terms/ INCOTERMS

Transport will be made on the basis of the agreed Incoterm. Only one single INCOTERM should be agreed on for the supplier's entire scope of delivery.

6.2 Shipping Preparation

Shipments for separate ordering plants or unloading points must be packed separately, even if they have the same inbound ship-to address.

The supplier shall ensure maximum transport capacity utilization. All pallets shall be stackable.

Packaging may not stick out from the pallet sides. Loading units must be free of damage.

6.3 Shipments with freight costs paid by DRÄXLMAIER

The DRÄXLMAIER shipping instructions must be adhered to for shipments with freight costs paid by DRÄXLMAIER. They are given in the Supplier Portal at <https://www.draexlmaier.com/supplier-portal/>. Shipping notification to carrier are usually made via the DRÄXLMAIER Supplier Portal.

A transportation order for each ship-to address can contain shipments for several plants.

6.4 Transportation Responsibility in the event of different Pre-Series Ship-from Locations

If a ship-from location of the supplier differs from the quoted series location (e.g. during the pre-series), the supplier shall organize the transport at its own cost.

6.5 Advance Shipping Notice (ASN)

The delivery data must be transmitted electronically. An ASN according to the currently valid VDA or EDIFACT standard must be transmitted to DRÄXLMAIER at the start of the transport or by no later than 60 minutes after dispatch, unless specified otherwise.

6.6 Transport Requirements (applies to the EMEA and Asia regions only)

Accompanying documents:

The supplier shall place all the documents (shipping documents) with the exception of the shipping order and the dangerous goods documents in a document pouch and attach it in a clearly visible place on the outside of the container.

a) Shipping order / consignment note

The legally required transport documents must be carried for transports.

b) Delivery note / way bill

A paper delivery note with the following minimum information based on DIN 4991 is required for each consignment without an EDI delivery note:

- At header level: Sender, supplier number, recipient, unloading point (DRÄXLMAIER plant number), delivery note number, if necessary the EDI delivery note number, delivery note date, tax ID no.
- At item level: scheduling agreement number/purchase order number, DRÄXLMAIER material number, supplier part number, product description, quantity, quantity unit, country of origin, change and design status if applicable, batch number, if necessary expiration date, number of containers.
If reusable containers are used, the DRÄXLMAIER container name, the DRÄXLMAIER container number and the number of containers must be indicated.

A way bill must be attached for every consignment with an EDI delivery note according to the currently valid VDA recommendation. A paper delivery note is not required in this case.

c) Thermo goods

Temperature control is required during the transport of thermo goods. The process for this must be agreed on separately.

6.7 Delivery Frequency

Deliveries which are made additionally to the agreed delivery dates, delivery frequencies or timeslots require the approval of DRÄXLMAIER Material Control.

6.8 Office Hours of Receiving Department

The goods receiving hours of the DRÄXLMAIER plants have to be complied with. Deliveries that have to be made outside of office hours in exceptional cases require prior approval by the DRÄXLMAIER material controller

6.9 Time slots at DRÄXLMAIER for Shipments with Freight Costs paid by r Supplier

At certain locations, time slots can or must be booked for the unloading. Booked time slots have to be adhered to. Shipments with time slots will be given priority for unloading. Information on this is given in the Supplier Portal at <http://www.draexlmaier.com/supplier-portal.html>.

6.10 Clearance Times at Supplier's Plant for Shipments with freight costs paid by DRÄXLMAIER

Suppliers are required to comply with the following waiting period (loading / unloading):

For EMEA and Asia:

- for products with 2.5 loading meter not more than 30 minutes
- for products with more than 2.5 loading meter not more than 45 minutes.
- for full loads not more than 120 minutes.

6.11 Transmission of Proof of Delivery

In exceptional cases and upon request by DRÄXLMAIER, the supplier shall submit a proof of delivery or transfer note to DRÄXLMAIER. This documents must be provided within 2 working days.

7. Sustainability

The supplier shall support a sustainable supply chain by:

- choosing a resource-saving packaging
- ensuring stackability up to a maximum degree of utilization of the transport
- upon request by DRÄXLMAIER: optimizing the degree of utilization of the transport by delivery quantities that deviate from the delivery schedule. The process must be agreed on separately on a case-by-case basis.

8. Customs

8.1 Europe (effective for receiving region Europe only)

The DRÄXLMAIER Customs Department makes its own customs clearance. Inbound deliveries must usually be made duty unpaid and excise duty free at the relevant unloading point in accordance with the applicable Incoterms, unless agreed on otherwise. The companies of DRÄXLMAIER partly maintain sub-contracting relationships with foreign partners not belonging to the European Union which do not allow direct delivery with the supplier's shipping documents. In certain exceptional cases, shipping documents can be exchanged to deliver urgent shipments directly to the production plant. This must be discussed with and agreed to by the DRÄXLMAIER Customs Department on a case-by-case basis before departure of the shipment. Otherwise, these shipments will not be able to be cleared for customs at the point of destination in the third country and the products will be returned to the supplier.

8.1.1 Supplier Declarations

The supplier shall issue a supplier declaration to DRÄXLMAIER which corresponds to EU customs regulations.

- The supplier will be provided with the „Supplier Declaration“ form. It must be completed and given a legally binding signature within 14 days, and must be submitted by no later than the start of the first delivery.
- If, as an exception, the supplier issues the supplier declaration on its own commercial documents, this requires prior approval by DRÄXLMAIER.
- DRÄXLMAIER must be informed of changes of origin in writing without delay.
- The supplier shall provide DRÄXLMAIER with a confirmed customs information sheet INF.4 [DVO (EU) 2015/2446 Sec. 64] for the delivered products upon request.

8.1.2 Third Country Consignments

All products delivered from third countries which do not belong to the EU (except Norway and Switzerland) must be registered electronically in advance with the responsible customs office prior to the export or import as part of the Import Control System /Export Control System (ICS/ECS). The aim is to guarantee a risk analysis before the border crossing into/out of the EU and to ensure an uninterrupted international supply chain. Detailed information on this is given in the Supplier Portal at <http://www.draexlmaier.com/supplier-portal.html>.

8.1.3 Duty of Notification for Goods Subject to Export Control

The supplier shall guarantee the security of the supply chain and comply with the conditions and legal basis and supply the documents required for this by means of certificates or reports (e.g. security statement for authorized economic operators (AEO) or declaration of conformity relating to the C-IPAT Initiative) upon request by DRÄXLMAIER.

The supplier shall inform DRÄXLMAIER of any export restrictions effective in the country of manufacture and/or for shipment of the product.

In the event that the supplier is located in the EU, it will inform DRÄXLMAIER of the procurement obligation for export approvals related to dual-use goods (with both civil and military applications) as well as of ammunition subject to European export controls, national implementation of export restrictions and national export control laws. For that purpose, the supplier shall inform DRÄXLMAIER of the effective key figures (e.g. ECCN – key export control figure for US products, AL number for the goods listed in the German exportation checklist, etc.) and of all the license exceptions applicable to the goods.

DRÄXLMAIER must be notified of materials originating from the USA, which are subject to any import or re-import licenses according to US law and the US regulations as part of the re-export control.

The information given above must be sent directly to the DRÄXLMAIER Customs Department in Vilsbiburg.

Upon request by the supplier, DRÄXLMAIER will compile a certificate of declaration/registration certificate for use by the supplier.

8.1.4 Official Documents

In the event that other official documents are required for approved use of the products for the import or export of goods, the Supplier shall be obliged to provide DRÄXLMAIER with these documents without delay.

8.1.5 Uncertainties in Customs Matters

Any queries or problems that may occur in customs shall, if possible, be clarified by the supplier with the customs department at the DRÄXLMAIER receiving plant before collection of the delivery.

8.2 Asia and Americas (effective for receiving region Asia or Americas only)

In the event that official documents are required for intended use of the products for the import or export of goods, the Supplier shall be obliged to provide DRÄXLMAIER with these documents without delay.

9. Avoiding Incorrect Deliveries

The supplier shall ensure that the contents and quantities of the packaging units are matching the information on the transport label. The requirements correspond to DIN EN ISO 9001 und ISO TS 16949.

- Part labels (if required) or production labels shall be printed for each packaging unit directly at the production workstation and shall be synchronized with the production order.
- Labeling of components (if necessary) shall be done either automatically or by a secure process in order to rule out incorrect labeling.

- If various products (e.g. left-hand and right-hand part) are produced at the same time, correct labeling must be ensured by an automatic process or by means of separate packaging stations with their own label printers.
- Various variants (e.g. color or geometries) will be identified automatically and packed and labeled without errors within the production process. If an automatic process is not possible, a secure process must be ensured.
- Automatic production label printing by the system right after achieving the target quantity for each packaging unit of OK goods must be ensured by a suitable Poka Yoke or secure process. Printing a reserve stock of labels is not permitted.
- Mixing up products must be ruled out for quality inspections and repacking transactions or in case of overproduction. Besides testing the defined quality characteristics, the necessary inspection instructions shall also include the logistics characteristics (correct labeling according to the part and quantity).
- The process for residual quantity management and NOK goods must be validated by the system and must be verifiable. The process description must be in place as a controlled document.
- A secure or automatic process ensures that transport labels (according to VDA standard) always coincide with the contents and quantity of the packaging unit and that they are attached correctly.
- A Logistics FMEA is in place in order to protect against wrong labeling, quantity discrepancies and wrong deliveries.

10. Emergency Strategies

To ensure the supply process, the supplier shall create consistent emergency strategies on the following issues and present them immediately upon request:

- Exchange of information/data processing
- Production
- Shipping process
- Packaging
- Transport
- Missing parts
- Supply by sub-supplier
- Other possible risk potentials (specific to supplier)
- Emergency contact with 24-hour availability

11. Charging Costs and Additional Expense

In the event of failure to adhere to the objectives and specifications described herein, DRÄXLMAIER may charge the supplier for the expenses incurred (e.g. in the course of a complaint). This may also have a negative impact on the supplier evaluation. This applies to the following, among other things:

- Wrong deliveries
- Complaints processing
- Delivery dates or time slots not adhered to
- Deviation from specified packaging
- Defective, damaged or soiled supplier packaging
- Missing or wrong accompanying documents and/or EDI data
- Multi-deliveries outside of the agreed delivery frequencies
- Failure to adhere to transport requirements
- Subsequent costs for customs clearance
- Overdelivery/advance delivery
- Underdelivery
- Wrong inventory management of reusable containers or failure to comply with the settlement of accounts agreement
- Wrong, missing, wrongly attached or (automatically) unreadable labels
- Lack of handling instructions, e.g. „fragile“, „keep dry“ etc.
- Repairs and scrapping of reusable containers without approval by DRÄXLMAIER.
- No return of reusable containers owned by DRÄXLMAIER

12. Supplier Management

Supplier Evaluation

DRÄXLMAIER regularly makes supplier evaluations in Procurement, Quality and Logistics. If the results are not satisfactory, suppliers will be requested to improve their weak points and to provide an action plan.

Supplier development

Suppliers whose supply performance requires improvement will be included in a development program by DRÄXLMAIER and will be required to implement all the measures specified by DRÄXLMAIER to improve their performance.

13. Sub-Supplier Management

The supplier is responsible for the entire process, including possibly assigned sub-suppliers or service providers. All communication on the part of DRÄXLMAIER shall be with the supplier only. In order to secure the need for raw material, the supplier will communicate its requirements to its sub-suppliers in a timely manner. A continuous improvement of the logistics processes is defined as part of a process-oriented QM system based on IATF 16949, which also focuses on sub-supplier management.