

VSeA Logistics Standard	
WI0072	Version 1.0

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Supply Chain and Logistics Standard



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1. Introduction

1.1 Purpose

The Valeo Siemens eAutomotive “Logistics Guidelines” are a set of standards, specifying the basic requirements and rules for logistics exchanges between Valeo Siemens eAutomotive (hereinafter referred as “VSeA”) and the Supplier. In the attempt to avoid misunderstandings and conflicts and to clearly identify responsibilities, commitments and expectations in order to establish a clear and successful partnership-based cooperation with you as the Supplier.

1.2 Scope

This guideline applies to the delivery of all parts and materials to VSeA, a logistics partner of VSeA or any other site specified by VSeA.

It covers the whole product lifecycle, from Request for Quotation (RFQ), through engineering design and manufacture to service and End-of-Life.

1.3 Reference documents

The logistics requirements described in this guideline should be considered as a part of the contract between the parties and thereby refer to additional guidelines and agreements provided to the Supplier by VSeA.

In relation to logistics topics this guideline is complemented by the “Packaging Guideline” and several data sheets (see 2.2 Data Sheets), where detailed and specific conditions are agreed on.

2. Principles of Cooperation

2.1 Supplier’s commitment

The Supplier has to be aware of all requirements described in the “Logistics Guideline”, its annexes and referring documents. Please make sure that you always have the latest version of these standards.

2.2 Data Sheets

The Supplier and VSeA shall agree on the binding logistics and packaging process for each product in the form of a data sheet.

For this purpose, VSeA provides the following data sheets:

- Logistics Protocol
- Specific Requirements File
- Packaging Specification

This Logistics Protocol specifies the general logistics terms between the Supplier site and VSeA site - irrespective of the actual part being delivered. All specifications regarding the actual part numbers being delivered are described in the “Specific Requirements File” within this Logistics Protocol.

The agreed specifications shall be binding on the parties once approved by VSeA. Any subsequent amendment to the agreed specifications in the data sheet shall be subject to the prior written approval of VSeA.

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Any deviations in the logistic process detected with regard to the data sheets will be handled as a logistics incident that may result in a non-conformance of the respective product. Such deviation shall be recorded in the subsequent evaluation of the Supplier's logistics performance.

2.3 Communication

To guarantee an optimal collaboration, the Supplier has to comply with the following requirements regarding the communication between the parties.

2.3.1 Electronic Data Interchange

EDI is a system of transferring data between different company networks. For example, it is used by Suppliers to receive delivery instructions and send shipping documents.

It is a general requirement that all Suppliers have the ability to send and receive data electronically to establish an efficient communication and cooperation between the parties. Thereby the exchange of data must be guaranteed 24 hours a day, 7 days a week.

The Web-EDI system is an alternative solution proposed by VSeA for Suppliers, which are not able to implement a complete EDI solution.

2.3.2 Contacts

The Supplier has to appoint a logistics manager to comply with all VSeA logistics requirements. During production times at VSeA, the Supplier has to be contactable at any time. For contact outside of regular business hours, the Supplier has to provide an emergency contact.

2.3.3 Obligation to give Information

- Respond to specific requests made by the VSeA Logistics teams within 24 hours
- Report and update the Supplier contacts in the Logistics Protocol
- Communicate periods of Supplier plant shutdown (date and time)
- Notify any changes impacting the supply chain in terms of information flows and physical flows immediately to the respective logistics contact person

In case of adjustment of the Supplier's company structure that is pertinent for the Logistics department of VSeA, the responsible Logistics manager has to be informed. Thereby each change of production location has to be communicated to the Purchasing, Quality and Logistics departments. In case of any difficulty to meet delivery date:

- Inform and alert immediately the VSeA Logistics contact
- Determine and communicate causes and correctives actions to be implemented
- Propose short term actions to ensure deliveries
- If no communication is received from the Supplier a logistics incident will be opened by VSeA.

2.3.4 Operating calendar

VSeA and the Supplier agree to publish their operating calendar to each other 1 (one) calendar month prior to the start of the next calendar year. If either party identifies a potential threat to agreed service levels (e.g.

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lead-time, flexibility, on-time delivery) as a result of the other’s operating calendar and holidays, the parties agree to work together to minimize any impact on service levels. Neither Party has the authority to alter the other party’s calendar. The Supplier shall maintain all its obligations as stipulated in this Agreement also during holiday periods and shall not derogate from stipulated service levels unless upon prior written agreement with VSeA.

The operating calendar comprises 12 (twelve) months with a maximum of 31 (thirty one) days each month. The workweek is defined as beginning on Monday and ending on Friday, although the Supplier shall retain the right and the capability to operate its plant over any weekend.

2.4 Prerequisites for commencing deliveries

The following points, which are described within this document, must be handled in consultation with VSeA and agreed by the responsible Logistics Manager prior to the first delivery:

- Contact persons are named
- Series and emergency packaging concept is defined in the “Packaging Specification”
- Delivery concept is defined in the “Logistics Protocol”
- Data integration for EDI is established
- Order handling with Delivery Schedules is accepted
- Contingency plan is defined
- Operating calendar between the parties is aligned

3. Information Flow

3.1 General Information on Order Management

The Supplier is generally informed about the demand in the form of a delivery schedule. Orders in the form of the delivery schedule are generally confirmed precisely in terms of quantity and date of the requested product.

Delivery schedules contain different horizons of binding or non-binding periods. Within the “Logistics Protocol” the parties define these horizons. Only a firm order has the status of being a formal authorization to ship products to VSeA whereas any further reaching quantities and dates stated in the delivery schedule are only to be considered as forecasts. Rules for Flexibility and Liability shall apply.

Delivery schedules are issued on a regular basis and are generally transmitted by EDI.

3.2 Delivery Schedule

Orders will be communicated per delivery schedule to the Supplier on a regular basis (for instance: daily, multi-daily or weekly basis) and are generally transmitted by EDI.

Delivery schedules communicate precisely quantity and delivery date of the requested materials. Unless agreed otherwise, the delivery dates stated in the delivery schedule shall be the dates of receipt at VSeA’s premises or other specified location.

The most recent delivery schedule issued by VSeA shall always have priority over the preceding delivery schedule and the required quantities shall always be delivered according to the most recent delivery schedule. If no contradictions from sides suppliers, updates to the delivery schedule shall not require separate confirmation.

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It is the responsibility of the Supplier to ensure that all material that is requested in the delivery schedule is available for timely delivery to VSeA.

Partial delivery or oversupply shall only be allowed upon prior written confirmation by VSeA. Any delivery delay or any deviation of the required quantities shall immediately be notified in writing by the Supplier.

In case of delivery through an external warehouse orders will be communicated per delivery schedule to the Supplier or his logistics service provider managing the stock.

3.3 Forecasts

VSeA understands and acknowledges that it is in VSeA interest that Supplier is informed, early enough, of planned long term changes in volume of production and product assortment that may affect the volume of shipments to be made.

For this reason VSeA provides the Supplier - within the delivery schedule - a non-binding forecast of its delivery requirements of products for the following twelve (12) months period.

In any case, such projections shall not constitute an authorization to ship products to VSeA but shall be provided solely for guidance, so as to facilitate Supplier's planning. Supplier shall, with adequate safety margin, plan Supplier manufacturing resources and capacity and safeguard supplies so that deliveries can with certainty be made promptly when the order asks so.

3.4 Flexibility

For a given period the demand given in the delivery schedule may be extended by a flexibility margin. The Flexibility Rule allows VSeA to increase its forecast to protect itself against a customer demand fluctuation. The Supplier has to be able to accept flexibility in forecasts.

Flexibility can be defined for a:

- Part number
- Family of product
- All products of a Supplier

For determining flexibility VSeA measures forecast variations per weekly bucket between two (2) consecutive forecast releases and operates with cumulative quantities of the previous week.

The minimum increase from week to week that the supplier has to accept depends on:

- The time between the current date and the week of the forecast (the further in the future the week is, the higher the increase can be)
- The cumulated flexibility of the previous week
- The maximum quantity to order per week for the part

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Unless expressly otherwise agreed in the “Logistics Protocol”, Supplier shall ensure the following flexibility for the required quantities:

Current Period	fixed, no flexibility
Current Period +1 week	+ 5%
Current Period +2 weeks	+ 10%
Current Period +3 weeks	+ 15%
Current Period +4 weeks	+ 20%
Current Period +5 weeks up to +12 weeks	+ 30%

Handling the Flexibility Rule is explained in detail with examples in the document “Flexibility Rule”.

3.5 Liability

The liability rule manages forecast decreases in order to protect the supplier against obsolescence and slow moving inventory when VSeA decreases its demand.

For each product provided by the Supplier a liability horizon is defined for:

- The full value of the product (Finished Goods) Production Release
- A partial value of its raw material Material Release

Upon Supplier’s request, VSeA is committed to buy the maximum cumulated quantity requested for a week within the liability horizon when it is not consumed within the defined liability horizon and subsequent consumption time.

Liability parameters (liability horizon and consumption time for finished goods and raw materials) are defined in the “Logistics Protocol” or if requested in the “Liability Form”.

In order to request the application of the liability rule a formal document called the “Liability Form” has to be established between the Supplier and VSeA.

Unless agreed otherwise in the Logistic Protocol the standard is set with two weeks for production release and four weeks for material release.

Handling the Liability Rule is explained in detail with examples in the document “Liability Rule”.

3.6 Capacity Management

In order to deliver parts to VSeA without stock out, Suppliers must have implemented and demonstrated the production capacity agreed in the “Specific Requirements File”.

If the forecasts over a given period exceed the Supplier’s production capacity agreed in the “Specific Requirements File” and the Supplier cannot provide the additional demand, then the Supplier must warn the VSeA Buyer and Logistics Manager. (See 2.3.3 **Obligation to give Information**)

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3.7 Contingency Plan

A contingency plan includes all preventive and curative actions that the Supplier starts to ensure his deliveries to VSeA in the event of risks. It also favors a quick response to incidents (clear timetable, anticipated production, stocks, necessary working days etc.).

To anticipate potential important incidents due to social perturbations, critical process breakdown, etc. the Supplier must set up a contingency plan.

4. Physical Flow

4.1 General Information on Transportation

The standard Incoterm for incoming deliveries applied by VSeA is FCA (Free Carrier), referring to ICC Incoterms 2010. Upon request, VSeA may demand the supplier to operate with DAP (Delivered at Place) or other Incoterms.

The Incoterms may be used for all modes of transport, including multimodal.

It is the responsibility of the Supplier to ensure that all material that is requested in the delivery schedule is available at the time of pick-up. Suppliers must load only the quantity requested in the delivery schedule. It is strictly forbidden for a Supplier to ship more than the quantity ordered in the delivery schedule ([see 3.2 Delivery Schedule](#)).

The Supplier is responsible for shipment preparation (packaging, labeling, pallet preparation, truck loading, commercial and customs documentation as required, export customs clearance) and that documentation including labeling achieves conformity with the actual shipment content.

Shipping preparation must comply with FIFO rules. Suppliers must load according to the time window agreed in the "Logistics Protocol".

Depending on the specific key transportation parameters (volume, frequency, distance) VSeA will implement the following principles:

- Direct delivery with a dedicated truck
- Pick-up rounds from several Suppliers (milk-run loop)
- Indirect delivery with consolidation through cross-docking or through a dedicated warehouse

At the time of receipt of the goods VSeA will compare the delivery schedule to the goods actually received. In the event that the quantity received exceeds the quantity ordered, VSeA reserves the right to refuse the excess quantity. In case of under delivery, over delivery and damaged boxes VSeA will open a logistics incident (see 6.2 Supplier Logistics Incidents).

The control of incoming road, rail or sea transportation flows means that premium freight organization is also in the responsibility of VSeA. If the premium freight is the Supplier's responsibility, the costs therefore will be re-invoiced as per agreement between VSeA and Supplier.

4.2 Obligations of the parties in relation to Transport under the FCA Incoterm

Under the "Free Carrier" Incoterm, the Seller (Supplier) delivers the goods to the carrier or another person nominated by the buyer (VSeA) at the seller's premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at this point.

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If the parties intend to deliver the goods at the Seller’s premises, they should identify the address of those premises as the named place of delivery. If, on the other hand, the parties intend the goods to be delivered at another place, they must identify a different specific place of delivery.

The buyer (VSeA) pays the shipping costs and is responsible for transportation risks from the named place of delivery.

4.3 Obligations of the parties in relation to Transport under the DAP Incoterm

The Incoterm “DAP” means that the Seller (Supplier) delivers when the goods are placed at the disposal of the Buyer (VSeA) on the arriving means of transport ready for unloading at the Buyer’s premises or another named place of destination. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the Seller bears all risks involved in bringing the goods to the named place and passes all risks to the Buyer at this point.

As a consequence, the Seller is responsible for all charges and risks in transit until the goods reach their agreed named place of destination.

4.4 Delivery Documents

A complete set of documents must be included in each shipment, with at least:

- Delivery Note
- Pick-up Order (if applicable)
- Transport Documents (CMR, Bill of loading etc.)
- Customs Documents (if applicable)

The set of required documents will depend on the applicable country rules, customs formalities and the selected mode of transport. A detailed list of the required documents will be defined in the “Logistics Protocol”.

4.5 Advanced Shipping Notice

The Supplier generally sends a notification about a delivery as advance information alongside the actual delivery. These documents shall reflect the actual physical receipts.

When shipments are completed, Advanced Shipping Notices (ASN) are transmitted to VSeA through the parties corporate EDI-system or Web-EDI.

The mode of transmission for these communications is specified in the “Logistics Protocol”.

4.6 Transfer of Title

The transfer of title to the goods is not connected to the transportation responsibility.

Transfer of title to the goods shall occur at the moment when the VSeA site withdraws the goods for installation in its production lines in accordance with the applicable delivery schedule.

The options of withdrawal will occur as follows:

1. When goods are supplied with a short transit time (1-2 days) the transfer of title occurs at the VSeA receiving location
2. When goods supplied through an external warehouse close to VSeA site (less than 1 day of transit time) the transfer of title occurs at the VSeA receiving location
3. When goods supplied through in-house consignment stocks the transfer of title occurs at the moment when VSeA transfers the goods/materials from the storage location to its production lines

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Based on the fact that goods in transit and consignment/safety stock continue to be owned by the Supplier, VSeA will at the request of the Supplier provide a report of materials pending to arrive, or in consignment to ensure full accounting compliance on the Supplier side.

4.7 Warehousing

Implementing a warehousing solution for material procurement flow is intended to:

1. absorb the variability of transportation frequencies
2. compensate the impact on inventory between VSeA and Supplier seasonal closures
3. respond to customer demand variability versus a long-distance Supplier lead times

Depending on which of the above cases occurs, a Supplier Advanced Warehouse (SAW), an external VSeA Warehouse Consignment Stock or in-house VSeA Consignment Stock may be appropriate.

A Supplier Advanced Warehouse must be close to a VSeA site (transit time less than 1 day), owned by the Supplier and in his full responsibility (management, surface, stock ownership, contract between Supplier and warehouse provider).

The logistics warehousing provider represents the Supplier. VSeA will have no contract with the warehousing provider.

The Supplier should respect VSeA logistics rules regarding stock level formalized in the “Logistics Protocol”. In order to detect any shortage, the Supplier has to alert VSeA to any deviation from the contractual minimum stock thresholds.

4.7.1 Safety Stock

Supplier will analyze its capabilities in meeting the demand from VSeA. In cases where Supplier perceives operational risks and that could endanger the delivery to VSeA (such as machine or mold breakdowns, high level of rejects, etc.), Supplier will put in place an appropriate safety stock under its ownership.

This safety stock is in operational use, meaning that it shall be used for normal deliveries to VSeA and not only for deliveries in emergency cases. Safety stock only buffers for lack of flexibility and upstream capability. The storage management and deliveries must respect FIFO rules.

The safety stock as well as any changes to this stock have to be proposed by the Supplier and needs to be authorized by VSeA.

4.7.2 Strategic Stock

In specific cases, VSeA may require Supplier to put in place a strategic stock under its ownership, at a location specified by VSeA, in order to safeguard from any major external risk identified by VSeA.

The strategic stock as well as any changes to this stock proposed by Supplier needs to be authorized by VSeA.

The sizing of safety and strategic stock should be calculated based on current production and according to the latest forecast for three months ahead sent by VSeA.

These safety or strategic stocks has to be stored in standard packaging. The storage management must respect FIFO rules. If the shortage is caused by VSeA, Supplier may use alternative packaging, if not, Supplier has to repack internally from alternative to standard packaging.

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4.7.3 Supplier Closure

If the Supplier site is closed during a VSeA working period, the Supplier shall maintain all its obligations during Supplier closure and has to make sure that the quantities announced in the delivery schedule are available for delivery. The Supplier shall not derogate from logistics service levels unless upon prior written agreement during Supplier closure. The period of Supplier's closure has to be known and validated by VSeA at least one month before Supplier's closure.

If Supplier uses a different site for this period, the location of this site cannot generate extra costs for VSeA. The use of this site is at Supplier expense.

The products delivered during the closure must be labeled as defined with VSeA. The EDI links have to be maintained during the closing period. Any gap in labeling and EDI must be covered by a written deviation request sent in advance by the Supplier.

The quantity to be stored in this site has to cover the quantity required during the Supplier closure period by the last forecast communicated by VSeA and the potential flexibility during the closing period.

At the beginning of each calendar year, the Supplier must communicate to VSeA its closure calendar, so VSeA can be aware when transportation will have to be reviewed. Any modification must be communicated immediately in a formal way (letter or Email) to VSeA. The Supplier has to make sure to receive an acknowledgement of receipt from his VSeA counterpart.

4.8 Packaging

4.8.1 General Information on Packaging

The function of packaging is to preserve parts quality by protecting the components and comply with VSeA safety rules. In that context, the Supplier must take all necessary measures to guarantee a delivery without damage in clean packaging.

Both for quality and environmental reasons, the orientation is to receive components in returnable packaging approved by VSeA. The selected packaging is property of VSeA and will be provided by VSeA to the Supplier.

In some cases, for economical reasons, for backup or generally sea freight, cardboard packaging is used. If the cardboard is used as back-up packaging, the quantity of parts must be equal to the returnable packaging out of ordering reasons.

The cardboard sizes must then meet the VDA/Odette or overseas standards to fit the vehicle or sea container sizes and comply with VSeA safety rules.

Cardboard boxes with removable covers/lids are mandatory to preserve parts quality. For safety reasons, cardboard boxes with flaps are forbidden due to the usage of knives by our operators to open cardboard at the point of use.

Component's packaging is palletized for optimal picking, by default on its smaller side, allowing operators to work with both hands at the same time.

The Supplier has to prepare the packaging proposal and agree it with the respective VSeA Logistics Planner. Packaging proposal must follow the requirements described in the separate "Packaging Guideline" and has to be reflected as detailed and accurate as required in the "Packaging Specification" data sheet.

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Any modification compared to the agreed packaging has to be submitted and formalized to the responsible Logistics Planner for validation. In case of deliveries to several VSeA sites, this validation has to be done by each site before application

More detailed information about the packaging requirements is described in the “Packaging Guideline” by VSeA.

4.8.2 Common Considerations on Packaging

- Standard packaging should be returnable packaging
- Handling Units should be stackable
- Maximum height of handling unit is 1000 mm
- Maximum weight per handling unit is 500 kg
- Maximum weight of a packaging unit (including packaging material) is 12 kg
- Additional protection through sub packaging (e.g. trays, cushioning) is supplier’s responsibility
- Wooden material must follow ISPM 15 regulations
- Cardboard boxes must have a removable cover/lid
- Incomplete containers are forbidden
- Mixed Parts in a box are not allowed, unless they are a set

4.8.3 Packaging Loop

For any new projects VSeA will provide the returnable packaging.

VSeA and Supplier will jointly define the number of returnable containers required for the loop based upon lead times, delivery frequency, inventories and consumption rate. VSeA will in no case fund returnable containers beyond the agreed loop size.

VSeA and Supplier will set up strict inventory management for incoming and outgoing containers. Containers are under the responsibility of both, VSeA and Supplier, depending upon where they are in the loop. The Supplier cannot use these returnable containers for any other flow than for deliveries to VSeA.

Therefore they should not be used for:

- The inner production circulation
- The intermediate storage of half-finished parts
- Stockpiling
- Providing of sub-Suppliers

By default the empty containers are delivered to the Supplier’s production location.

If the Supplier would need additional packaging to manage other usages, the Supplier has to buy its own boxes and make sure that the two packaging loops will never be mixed. The Supplier has to ensure a strict inventory control of this additional loop. VSeA will never compensate the loss of this supplier-owned packaging

If returnable packaging is damaged or missing, the Supplier must report it to the corresponding VSeA site that will evaluate if a replacement is conceivable.

In case of a stock-out of returnable containers, Supplier must contact the VSeA procurement department of each plant delivered who can authorize deliveries in back-up packaging.

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4.9 Labeling

All deliveries should always be labeled in such a way that all products can be clearly identified. VSeA requires all suppliers to use labels for each Handling Unit (pallets, racks) and Packaging Unit (container, cardboard boxes) according to the VDA 4994 recommendation or respectively Odette standard (OTL1 for Handling Units, OTL3 for Packaging Units).

Labels and other identification marks on the delivered container shall always be placed visible, fixed safely and be machine-readable. In the event that returnable containers are used, labels shall be fixed in a way that they can be removed without leaving any residue.

Information printed on handling and Packaging unit labels should be consistent with the information sent with the ASN message.

More detailed information about the labeling requirements of VSeA is described in the document "Labeling Requirements".

4.9.1 Labeling of Handling Units

Handling Units (e.g. pallets, racks) shall be marked with a master label based on VDA recommendation 4994 or Odette standard.

Global Transport Label (VDA 4994) - preferred

LIEFERANT LIEFERANT AG WERK BERLIN BERLIN DE-10117 ID: 887766554	KUNDE KUNDE AG WERK MUENCHEN INDUSTRIEPARK 13 DE 80888 MUENCHEN WERK / PALLETSTELLE / VERWENDEORT	M
URSPRUNGSLAND DE LIEFERANTENNUMMER 12345678 LIEFERANTENNUMMER 987654321 SACHNUMMER	KUNDENSPEZIFISCHES ROUTING 011 / ABLAD123 / LAGER7 ROUTE 66 LINE15	ETA 2016-01-15/13:30 NETTO KG 1000000 BRUTTO KG 9999 19999
GFS-123-554-765 UN 987654321 000123456 		
LIEFERANTENSPEZIFISCHE DATEN Lieferantendaten Zeile 1 Lieferantendaten Zeile 2 Lieferantendaten Zeile 3		KUNDENDATEN ZEILE 1 CUSTOMER DATA LINE 2 KUNDENDATEN ZEILE 3 CUSTOMER DATA LINE 4 KUNDENDATEN ZEILE 5

Global Transport Label (VDA 4902) - older Version

(1) Warenempfänger MAYR WERKE AG D-3000 HANNOVER 20 (5) Lieferant-Nr. 25 2581752	(2) Abteilbezeichnung A5-L31 (4) Lieferantensachk. (Kurzname, Werk, PLZ, Ort) CSS MAW/3, 6750 KAISERSLAUTERN
	(3) Gewicht (Kilogramm) 345
(6) Stück-Nr. Kontain. (7) 765-HGD89-123 	(8) Gewicht (Kilogramm) 450
(9) Filialbezeichnung 140 	(10) Beschriftung Lieferang. Leistung GEBLAESE (11) Serien-Nr. (Kunden-Objekt) 0-123B10-0
(12) Lieferanten-Nr. (N) 4638141 	(13) Teil-Nr. D 910226
(14) Packeinheit (Z) 2581752 01 	(15) Chargen-Nr. (H) A43-275 XL C 123
(17) CSS, POSTFACH 456, 6750 KAISERSLAUTERN	(16) Warenempfänger VDA 4902, Version 4

(1) Warenempfänger/Kundenadresse Valeo Siemens	(2) Abteilbezeichnung - Lagerort - Verwendungsbezeichnung - - -	(3) Shipping Note (SN): 20111597 Purchase Order Number (K): 12345678
	(8) Part Number (P) 071383786-0000 Add Info (ZSP):	Expiry Date (MCO): 20120128 Mfg-Level (Z): N
(12) Packaging Unit - Reference Supplier-ID (V): 225028 Package-ID (33): SC08016141701 	(9) Quantity (Q) 3000	(10) Part Name: Axillager
(13) Min. Part No. (1P): T137801 Ordering Code (1FP): AZCS3440244 Man. Loc. (1P): DEU-SCHWAIG	(11) Date Code (BD): 20110315 (14) Index (IP): AA	(15) Date Code (BD): 20110315 (16) Batch Number: 1. Batch (1T): CW11201115 2. Batch (2T):
(17) Supplier: Supplier: Supplier Sample & Co. Supplier-Date (Z):	(18) Special mark:	

Example: label based on ODETTE standard (200 x 85 mm) printed on paper 160 g/m²

The following content shall be mandatory on the label:

1. Receiving plant of the Ordering Entity, short address
2. Unloading Point
3. Shipping Note Number; Purchase Order Number
4. 2D Datamatrix Code

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8. Part Number of the Ordering Entity
9. Quantity contained in the Unit Load
10. Part Name
11. Manufacturer Part Number
12. Supplier ID number; Package-ID number
13. Date Code
15. Supplier Name
16. Batch Number

The label shall be placed safely on the pallet so that it is protected against loss and damage. In this regard, the usage of translucent protective pockets is recommended.

4.9.2 Labeling on Packaging Units

In addition to the label on handling units as described above, an additional single label on each of the smallest packages (e.g. small load carrier container, cardboard box) is mandatory – also based on VDA recommendation or Odette standards. These packages usually do not contain any additional sub-packaging. In case of a “Dry Pack”, the protective packaging or the protective bag encloses the smallest package unit.

KLT Label (VDA 4992)

...

Odette

(1) Warenempfänger/Kaufadresse Valeo Siemens		(2) Abteilungs- / Lagerort - Verneinungsschlüssel	(3) Shipping Note (160): 20111597
		Purchase Order Number (K): 12345678	
	(8) Part Number (P): 071383786-0000	Add Info (23P): Expiry Date (14C): 20120128 MS-Level (Z): N	
	(9) Quantity (Q): 3000	(10) Part Name: Avastlager	
(12) Packaging Unit - Reference: Supplier ID (9): 226028		(11) Man. Part No. (11P): T137801	(13) Drawing (R3): 20110315
Packaging Unit (10): SCC0018141701		(14) Drawing (R3): 20110315	(14) Index (EP): AA
(15) Supplier: Supplier: Supplier Sample & Co. Supplier-Code (12):		(16) Batch Number: 1. Batch (11): CW11201116 2. Batch (11):	(Special mark)

Example: label based on ODETTE standard (200 x 85 mm) printed on paper 160 g/m²

The following content shall be mandatory on the label:

5. Receiving plant of the Ordering Entity, short address
6. Unloading Point
7. Shipping Note Number; Purchase Order Number
8. 2D Datamatrix Code
14. Part Number of the Ordering Entity
15. Quantity contained in the Unit Load
16. Part Name
17. Manufacturer Part Number
18. Supplier ID number; Package-ID number
19. Date Code
17. Supplier Name
18. Batch Number

The label shall be placed safely on the pallet so that it is protected against loss and damage. In this regard, the usage of translucent protective pockets is recommended.

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4.9.3 Labeling for electrical and electronic equipment

Upon request, especially for electric or electronic parts, a so-called MAT-Label for Packaging Units is required by VSeA.



Example of MAT-Label

The following label content is mandatory:

- Part Number of the Ordering Entity
- Quantity contained in the Smallest Package Unit
- Moisture Level (for electronic parts)
- Date Code
- Expiry Date
- Batch number
- Part Name
- Shipping Note Number
- Purchase Order Number
- Supplier ID
- Package-ID
- Supplier Name

Furthermore, if the part is subject to EU 2002/95/EC, a symbol for RoHS compliance shall be printed on the MAT-Label. In such event, the following marking for RoHS compliance shall be used.

If the printing of the RoHS symbol is not possible, the marking with "RoHS" is allowed in an alternative way which has to be agreed in writing in advance with the receiving plant of Ordering Entity.



Example of a symbol for RoHS compliance

The technical requirements of the MAT-Label are described in detail in the document "Requirements on Marking of Goods and Accompanying Information for Purchased Production Parts; Version 2.6" made available by VSeA.

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4.10 Traceability

Where batch traceability applies, the Supplier must be able to provide VSeA with information for the following purposes:

- Trace back manufacture details from batch identification (backward traceability) for tracing any incident back to its manufacture origins for tracing the quality of products
- Find population from batch manufacture log (forward traceability)

Where unit traceability applies, the same principle holds, with part-by-part identification following VSeA specifications.

5. Export Control and Customs

5.1 General Information on Export Control and Customs

In each country, Customs is a governmental tax agency with three main missions:

1. Collecting duties and taxes, Customs also plays an economic role based on international set of rules which improve fluidity, safety and quality in the flow of goods;
2. Fighting against fraud and major international trafficking (counterfeit products, drugs, arms, fraud to agricultural policy, etc.), protecting security and public health;
3. Protecting the environment (various forms of pollution ...) or national heritage (control of exchange of works of art, collectibles and antiques ...).

Customs must be cleared for every international flow of goods:

- at the point of exit of the goods of the country: Export Customs
- at the point of entry of the goods into the destination country: Import Customs

In his own country:

- exporter will always be legally accountable to his national fiscal administration
- importer will always be legally accountable to his national fiscal administration

That is why exportation customs must be under Supplier control and importation customs must be under customer control.

5.2 Compliance with Export Control Regulations

The parties shall strictly comply with European Union (hereafter “EU”), United States of America (hereafter “US”) and all other applicable export control and sanction laws and regulations (“Export Control Regulations”). The Supplier must, upon request by VSeA, be able to deliver any information and data needed by VSeA to comply with all applicable Export Control Regulations, e.g. the export control list number or the Export Control Classification Number pursuant to the U.S. Commerce Control List (ECCN). Neither Party shall be obligated to fulfill the order if such fulfillment is prevented by any impediments arising out of national or international Foreign Trade Regulations or any embargoes or other sanctions.

If questions or problems arise relating to customs issues, the Supplier undertakes to clarify these with VSeA prior to the delivery.

5.3 Obligations of the parties in relation to Customs under the ICC Incoterms® 2010

In compliance with the ICC Incoterms® 2010 used by VSeA:

- The Seller (Supplier) must provide a commercial invoice in conformity with the contract of sales and any other evidence of conformity that may be required by the contract.

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- Where applicable, the Seller (Supplier) must obtain, at its own risk and expense, any export license or other official authorization and carry out all customs formalities necessary for the export of the goods.
- The Seller (Supplier) must pay: where applicable, the costs of customs formalities necessary for export, as well as all duties, taxes, and other charges payable upon export
- The Seller (Supplier) must pay the costs of those checking operations (such as checking quality, measuring, weighing, and counting) that are necessary for the purpose of delivering the goods in accordance with the “named place of delivery”, as well as the costs of any pre-shipment inspection mandated by the authority of the country of export.
- The Seller (Supplier) must, where applicable, in a timely manner, provide to or render assistance in obtaining for the Buyer (VSeA), at the Buyer’s request, risk and expense, any documents and information, including security-related information, that the Buyer needs for the import of goods and/or for their transport to the final destination.”
- After the arrival of the goods in the country of destination, the customs clearance in the importing country needs to be completed by the Buyer (VSeA) at his own cost and risk, including all customs duties and taxes.

5.4 Further Obligations by the Supplier in relation to Customs

Customs clearance of the export is the duty of the Supplier. The Supplier is responsible for the correct preparation of customs documents according to the current legal status in each case as well as for the proper customer planning (tariff classification) for the goods being imported into the recipient country. All paperwork and documents required for the cross-border shipments (especially preference certificates) must be produced at Supplier's costs and be available for VSeA. The Supplier is charged for any costs and consequential losses as a result of missing or incorrect customs documents and / or customs planning (e.g. duties with incorrect preference certificates). Upon request of VSeA, the Supplier undertakes to provide a detailed certificate of origin for the delivered parts according to the current import regulations.

The Supplier undertakes to list the export classification for each position on all delivery notes and invoices. These include (upon request) labeling in accordance with European and American export law, declaration of the European export list number (AL) and declaration of the American Export Control Classification Number (ECCN) in so far as the goods concerned are subject to American export law. The statistical commodity code and the country of origin according to commercial law should be documented on every delivery note and invoice.

Suppliers importing VSeA packaging in temporary admission mode and exporting parts in VSeA packaging must act in compliance with applicable local customs legislation in particular in relation to the export of such the temporarily admitted packaging.

6. Supplier Performance

6.1 Supplier Service Rate

The Supplier Service Rate (SSR) indicator measures the level of delivery performance of a Supplier to VSeA sites.

It measures the ratio of the Number of pick-up order Lines On Time In Full, against the Number of “pick-up order” Lines Requested.

This indicator is measured in % at each delivery, so against each pick-up order, and calculated as following:

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$$SSR = \frac{NLOTIF}{NLR} \text{ in \%}$$

- **NLOTIF:** Number of pick-up order Lines On Time In Full
 - Right quantity quantity as defined in the pick-up order
 - Right time time slot defined in the pick-up order
 - Right place place defined in the pick-up order

- **NLR:** Number of pick-up order Lines Requested by VSeA
 - A pick-up order line is: 1 Supplier, 1 pick-up order, 1 part number, 1 quantity ordered, 1 time slot (date/hour)

The service rate indicator for a Supplier over a period (for example a month) is the rating of cumulative NLOTIF divided by the cumulative NLR.

SSR consolidated = (Σ of all NLOTIF) / (Σ of all NLR) in %

Every month, the Supplier Delivery Performance is published as part of the Supplier performance.

6.2 Supplier Logistics Incidents

VSeA expects from Supplier to deliver the right products, with the right quantity, in the right numbers, at the right time, at the right place. Any deviation will give rise to a Logistics Incident Notification through the VSeA Logistics Team.

In the case of defective products, Supplier will need to replace those products within recover lead-time and at the cost to the Supplier (lead-time is defined between the partners in the “Logistics Protocol”).

The Supplier will organize and pay for the possible extra logistics cost to correct his own failures or failures from it haulers and to prevent stock-outs at the VSeA site. In any case of a Logistics Incidents, VSeA reserves the right to invoice an expense allowance.

All line stops due to non-conform deliveries by Supplier, as well as any line stops of or special shipments to the customer of VSeA that have arisen from these non-conform deliveries by Supplier will be invoiced to Supplier.

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6.2.1 List of Logistics Incidents

Generic causes	Description
No respect of delivery period	Parts did not reach VSeA at the specified time or parts not ready at the time specified; no respect of Delivery or Pick-Up timeslots; generating abnormalities and extra costs at receiving site
Delivery document	Errors on / missing delivery documents or ASN EDI-message; information does not match the content of the delivery; missing information
Quantity	Wrong quantity was delivered in regard to the Delivery Schedule: <ul style="list-style-type: none"> • Products have been ordered by the client but were not delivered • Products had not been ordered by the client but were delivered <p>According to Supplier short shipment impact, it is classified as L1 (customer shortage), L2 (manufacturing line shortage), or L3 (receiving/logistic disturbance).</p>
Labeling	Label error or not conform Label (barcode or description): Label does not correspond to parts inside package; Label damaged / not readable Label position not conform: Label not at right place on the Packaging / Handling Unit; Missing label: Label not on all Packaging / Handling Units
Packaging	Package arrived damaged or dirty at delivery; Handling Unit or Packaging Unit used for delivery do not confirm with the agreed specifications (type/size); Handling unit exceeds weight and/or size limits; Mixed Parts in Packaging Units; Mixed Packaging Units on Handling Unit;

Definition of Logistic incidents levels:

Category	Signification	Example
L1	The logistic incident affects VSeA external customers or end users	VSeA's Customer Service Rate impacted due to delivery shortage of parts that may lead to a risk of a line shutdown at external customers/end users
L2	The logistic incident affects the VSeA manufacturing or assembly lines	Production line shutdown at VSeA due to shortage of part deliveries
L3	The logistic incident affects the Incoming Logistics organization (Receiving/Warehouse)	Perturbation detected at VSeA receiving: <ul style="list-style-type: none"> • Parts received at VSeA plant are not compliant with Supplier's promise, according to the VSeA Pick-up order • No respect of delivery window • Errors on delivery documents or missing in written or electronic information (ASN), handling unit identification • Damaged delivery

If a logistics incident occurs the supplier has to react and respond as follows based the QRQC approach:

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1. **Within 24 hours:** Implementation of an immediate contingency plan to secure VSeA's customers and VSeA plants
2. **Within five days:** Analysis of the root cause of the incident and the reason why this cause was not detected. Definition of an appropriate corrective action plan
3. **Within ten days:** Implementation of the corrective actions and verification of their effectiveness and systematic adoption of these actions in order to avoid any recurrence

In case of recurrent incidents without any visible improvement an escalation of this matter will be issued in support with the VSeA Purchasing Department.

6.3 Continuous Improvement

VSeA and Supplier will agree to a periodic meeting schedule, at least, one meeting will be hold each year and will deal with logistics matters.

VSeA will require Supplier to provide VSeA with at least an annual a continuous improvement plan that will at least focus on the following objectives:

- Improving the delivery performance
- Eliminating logistics non-conformities
- Extending the pull flow principle throughout the supply chain
- Increasing delivery and internal production frequency
- Reducing delivery and internal production lot sizes
- Reducing delivery and internal lead times
- Increasing flexibility
- Packaging improvement and adaptation

6.4 Supplier Logistics Evaluation

VSeA demands for shorter lead times and reliable delivery has created a need for faster, more flexible and more efficient flow of information and products throughout all tiers of the supply chain. Logistics plays an increasingly significant role in the competitive environment and only through continuous improvement can we ensure lower costs and increased customer satisfaction.

To ensure VSeA expectations are met and to drive continuous improvement through the supply chain, it is essential that Supplier Materials Planning and Logistics processes are controlled and monitored. VSeA requests that the Supplier will perform the self-assessment following the MMOG/LE recommendation at least once a year and provide the results to the responsible Logistics Manager.

This standard provides recommended business practices for the Materials Planning and Logistics processes within the user's facility and is intended to establish a common definition of materials practices to facilitate effective communication between trading partners.

7. Appendices

Appendix 1 – Flexibility Rule

Appendix 2 – Liability Rule

Appendix 3 – Packaging Guideline

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Appendix 4 – Logistics Protocol

Appendix 5 – Logistics Specific Requirements File

Appendix 6 – Packaging Specification

Appendix 7 – Labeling Requirements

8. List of Abbreviations

AL	Ausfuhrliste (European export list) as per Annex I to Reg. (EC) No. 428/2009
ASN	Advanced Shipping Notice
CMR	Convention de transport de Marchandise par Route
DAP	Delivered at Place
ECC	Export Control and Customs
ECCN	Export Control Classification Number as per US CCL (Commerce Control List)
EDI	Electronic Data Interchange
FCA	Free Carrier
FIFO	First In First Out
HU	Handling Unit
ICC	International Chamber of Commerce
ID	Identification
IPPC	International Plant Protection Convention
ISPM	International Standards For Phytosanitary Measures
KLT	Kleinladungsträger (Small Load Carrier System) according to VDA 4504
MMOG/LE	Materials Management Operations Guidelines/Logistics Evaluation
NLOTIF	Number of Pick-up Order Lines On Time In Full
NLR	Number of Pick-up Order Lines Requested
PU	Packaging Unit
QRQC	Quick Response Quality Control
RoHs	Restriction of the use of certain hazardous substances in electrical and electronic equipment
RFQ	Request For Quotation
SAW	Supplier Advanced Warehouse
SSR	Supplier Service Rate
VDA	Verband der Automobilindustrie (German Association of the Automotive Industry)
VSeA	Valeo Siemens eAutomotive
Web-EDI	Web application of Electronic Data Interchange