

# Appendix B

## Logistics Standard

System of rules for the  
Logistical linkage of material supplier

As on: 30.09.2020

Index: K

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## 1 Application and Purpose

The logistics standard governs the logistical linkage from the material supplier to SMP.

The requirements contained in this standard are aligned to the currently necessary preconditions for setting up stable logistics processes between the supplier and the plants of SMP, in the meaning of a durable cooperation in mutual partnership.

The logistics standard is a fixed component of the SMP terms and conditions of purchase and thus defines the required logistical scope of work for the bid price.

For determining the freight and packing costs, there is a separate calculation data sheet that is used for each item.

The logistics standard will be enhanced with additional process-relevant components after the order placement of the scope of delivery/supply, in the framework of a logistics agreement (e.g. emergency concept, contact person and reachability, delivery window in goods receiving) and countersigned by both the parties.

SMP aligns itself with the standard delivery systems currently practised in the automobile industry.

They are:

- Stores procurement
- VMI (Vendor Managed Inventory)
- eKanban
- JIS (Just in Sequence):

The detailed description is provided in the chapter Supply Systems and Dispatch Control. An overview is also provided in the VDA – Recommendation 5010.

The decision for a particular supply system to be employed in each case depends on which logistics process has the best optimised costs. At SMP, the supply systems stores procurement, VMI (Vendor Managed Inventory) and KANBAN are essentially differentiated in the command process for the dispatch control on the supplier side. SMP expects from the suppliers the readiness for deployment and implementation of these systems without cost to SMP.

The JIS supply system requires a separate logistics specification for the price indexing.

Abbreviations and terms are explained in section 11 and can be recognised from the BLOCK CAPITALS when they are named the first time.

### 1.1 Scope

The logistics standard is valid for all locations of SMP and any connected undertakings of the SMP group of companies pursuant to Section 15 of the German Stock Corporation Act and must be fulfilled by all partners that supply deliverables in the meaning of productive material to SMP plants. No distinction is made whether the scope of services is contracted directly by an OEM or by SMP.

If there are contradictions between these requirements and other regulations, the legal regulations apply, unless otherwise declared.

### 1.2 Validity

The version of the logistics norm that is being used at the time of making the inquiry will continue to hold good. In the meaning of the continuous improvement process, the requirements can be matched

to changing processes. Changes at a later time require a written agreement between the supplier and SMP.

### 1.3 Confidentiality

SMP and its suppliers undertake to treat any determinations and agreements made as well as the corresponding documents in the strictest confidence. Both parties agree that they will make important information actively available to the other party.

### 1.4 Possibility of procurement

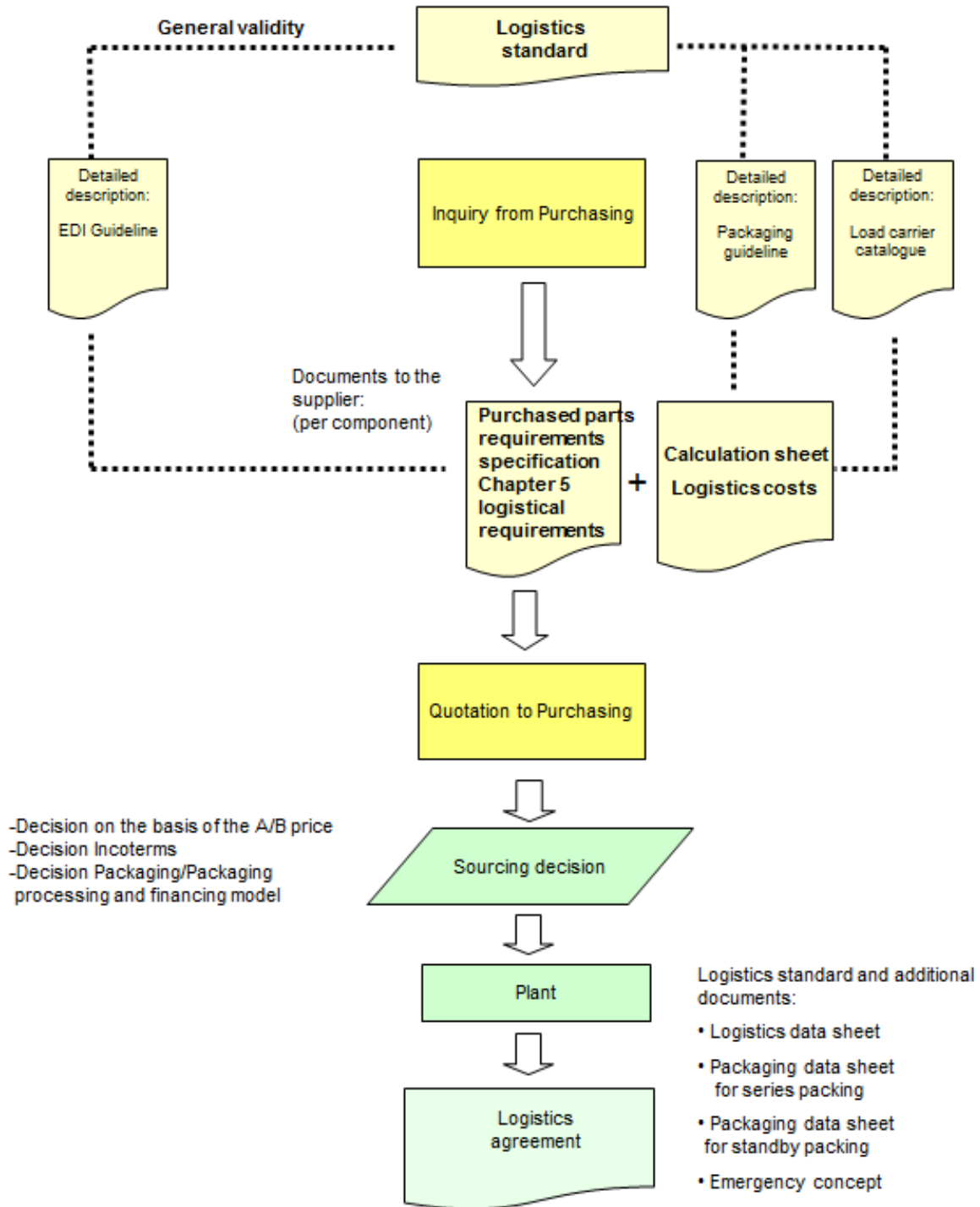
The documents and forms concurrently applicable along with the logistics standard and agreement, such as the logistics data sheet, packaging data sheet, packaging guideline, load carrier catalogue, EDI GUIDELINE and dispatch instructions can be downloaded in their respective latest versions on the SMP Internet page (<https://www.smp-automotive.com/en/suppliers>).

### 1.5 General overview of process for determining the logistics costs

#### Components:

Before awarding the order:		
Logistics standard	specification. Concurrently applicable documents and detailed description: EDI Guideline Requirements for the VDA recommendations for VDA goods tag (4902), transmitted goods issue slips (4912) and electronic delivery note (4913) Packaging guideline: Criteria that must be kept in mind for the packaging development	For all service scopes
Requirements specifications for purchased parts	Defines the supply system and contains the correct parameter specifications for price indication by the supplier	per component group
Calculation sheet for logistics	Appendix to the purchased parts requirements specification (Excel table of calculations). Contains detailed specifications for determining the container and freight costs as well as costs of a regional warehouse	per component group
After order placement:		
Logistics agreement	Based on the logistics standard	per supplier/ Part scope
	Logistics data sheet Based on the logistics standard and the calculation sheet for logistics costs. The container turnaround days are defined and other details of the logistics link are agreed (Delivery frequency, opening times on the weekend, min - max stocks)	per supplier/ assembly
	Packaging data sheet: Describes the packaging used in detail	per component group
	Emergency concept:	

## General Overview: Process for determining the logistics costs



## 2 Production capacity

The supplier must ensure that in all stages of the product cycle (pre-production to after-sales), a corresponding capacity and resource planning is carried out, so that the needed requirements including variants can be supplied in time.

For monitoring the production capacities that are specified and made available, both the non-binding requirement previews as well as the binding requirement data in the DEMAND ORDER across the entire preview range must be taken into consideration.

The supplier must bring production and supply bottlenecks (also from other vendors and partners in the supply chain) to the attention of SMP well in time. In this context, the lead time for the TRANSPORT to the corresponding SMP plants has to be taken into account.

At the time of the contract sign-off, the supplier is obliged to notify the average and maximum weekly capacity that is planned for SMP. Moreover, the actions required to reach the maximum weekly capacity must be specified. In the standard, the suppliers have to be prepared for permanent quantity increases/ reductions of 20% within a lead time of one month based on the average weekly capacity. If SMP wishes to specify different requirements for the capacity flexibility of the supplier, such requirements will be agreed to separately (see the logistics agreement).

## 3 Supply systems

SMP binds its suppliers in standardised processes of material procurement. An overview and classification of the current standard delivery forms of the automobile industry can be obtained, for example, from the VDA Recommendation 5010.

The following supply systems are used at SMP:

1. Stores procurement
2. Vendor Managed Inventory (VMI)
3. eKanban
4. just in sequence (JIS)

The demand ordering and purchase ordering is the same for all supply systems. The supply systems are distinguished by their dispatch control on the supplier side.

### 3.1 Demand order and ordering process

The suppliers will get a daily or weekly demand order in accordance with VDA 4905. The item-specific demand consists of several DELIVERY APPORTIONMENTS, which contain additional data regarding delivery quantities and delivery due dates.

Generally, the SMP plant forecasts its requirement in the framework of a preview for several months. The demand/preview contains

- A fixed period with daily requirements
- An anticipatory period with weekly and monthly requirements

The required process for setting up a telecommunications connection is described in the SMP EDI Guideline. The requirement preview is not acceptance-mandatory for SMP, does not represent an entitlement to delivery and is independent of the supply system. SMP reserves the right to increase or reduce demands at short notice, or to cancel them. The last transmitted demand holds good and supersedes the previous one.

The last goods receiving delivery note number serves as the delimitation.

## 3.2 Checking the delivery demands

Basically, incoming delivery demands have to be confirmed by the supplier. The respective confirmation may be done away with if the SMP-EDI transmission/receiving log is accepted as confirmation of receipt (see logistics agreement).

The supplier regularly checks the receipt of the delivery demands as well as validates them for implementability. He will report without any prompting if there are any doubts regarding the data. To do so, an objection must be raised against the delivery demand within the deadline specified below in writing to the responsible scheduler.

The following deadlines apply to the raising of objections:

- In case of demand changes in the long-term domain (> 10 working days), within 3 days.
- In case of demand changes in the long-term domain (< 10 working days), within 24 hours.

The delivery demand will be considered to have been agreed and become binding if there is no contradiction of the delivery demand within the times specified above. The objection must be confirmed by SMP in writing.

Changes made to the quantity or date after a delivery demand has been transmitted by the supplier may only be in writing and must be confirmed by SMP in each individual case. The scheduler will specify the reason for the probable delivery delay and specify a delayed delivery date. Claims owing to delayed delivery are not affected by this.

## 3.3 Delivery quantities

The delivery quantity demanded through the dispatch control will be made in the agreed delivery lot sizes.

If there is a change in the index level of an article's item number (change index) and there is a change in the entire article item number, the lot size as agreed in the logistics data sheet can be nullified and demanded as an exact number of units on the discontinuation date, in order to avoid excess delivery. The demand quantities will follow those of the respective SMP customer.

Excess quantities owing to pairing of deliveries (e.g. left, right) are generally not permitted. The respective demand per item number applies.

## 3.4 Electronic data interchange EDI

The use of electronic data interchange allows the structuring of low-administration business processes as well as the avoidance of transmission errors.

The use of electronic data interchange as well as the relevant documents is mandatory for suppliers of SMP and to be implemented on a cost-neutral basis. SMP uses the recommendations of the VDA. The VDA standards for delivery demands (4905), delivery notifications (4913), VDA goods tags (4902) and goods issue slips (4912) require specific mention here. Moreover, the EDIFACT message DELORD is used for the KANBAN processing.

The details regarding the use of electronic data interchange can be looked up in the SMP EDI Guideline. If direct connections via VDA protocols should not be possible on the supplier side, then processing over the Internet platform approved by SMP (Web EDI) is possible. Alternatively, in individual cases, and in agreement with the supplier, the corresponding Odette or EDIFACT standards can be employed.



### 3.5 Use of a regional warehouse

Towards achieving a TLC (total landed cost) optimisation and for ensuring the supply, it may be advisable, especially for suppliers outside Europe, to maintain a regional warehouse in the vicinity of an SMP plant.

SMP does not maintain its own regional warehouses. The responsibility of processing through a regional warehouse is that of the supplier. In this regard, SMP collaborates with several service providers and in individual cases, can also provide support for implementation. In the regional warehouse, apart from holding safety stocks for insuring against supply risks, picking or sequencing activities can also be carried out. What is important here is to keep in mind the boundary between the A-price and B-price (also see Chapter 9, Logistical Quotation Generation).

The respective supply systems are employed independently of this. However, in the context of a supplier warehouse, the supply systems eKanban and JIS are used by preference.

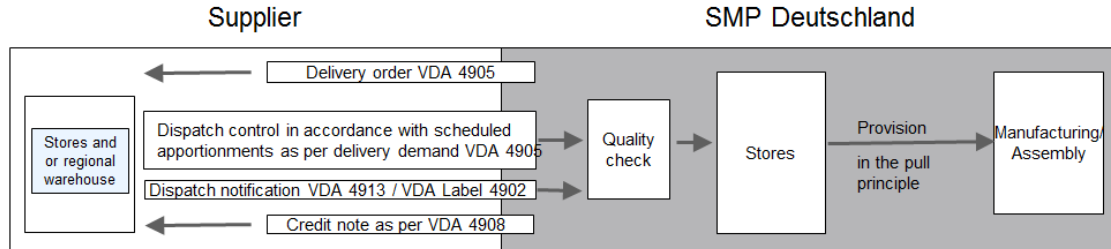
### 3.6 Credit note process / Invoicing

Payment for the delivered GOODS will be made by credit note as per VDA 4908.

### 3.7 Supply systems and dispatch control

#### 3.7.1 Supply system - Stores procurement

##### Overview:



##### Delivery demand:

The supply system 'Stores procurement' is the only procedure in which the delivery demand according to VDA 4905 is not only interpreted as a preview, but also entitles the supplier to deliver. The delivery demand thus serves for dispatch control on the supplier's side within the specified period. With the supply systems VMI, eKanban and JIS, the delivery demand is used for resource planning and raw material procurement by the supplier. The dispatch control takes place through additional information.

##### Dispatch quantities:

The dispatch quantities, which are an entitlement to deliver on the respective due date, are marked in the delivery demand. The due dates in the delivery demands are the actual dates of delivery at SMP. The supplier has to ensure that the demanded partial quantities are made available to the FREIGHT FORWARDER in the correct quantity and at the correct time so that he can comply with the delivery date. Compliance is required in all cases with the specified quantities and due dates regardless of the legal and religious holidays or country-specific restrictions.

The transfer of risk from the supplier to SMP is governed depending on the agreed Incoterms. With FCA deliveries, this is after loading on the truck provided; in the case of DDP, upon unloading the goods from the truck.

**Goods acceptance:**

The acceptance of the delivered quantity will be carried out on the basis of the electronic delivery notification according to (VDA 4913) as well as the relevant VDA goods tag according to VDS 4902. The structure of the individual notifications is described in the SMP EDI Guideline. The supplier has to ensure that the loaded quantities tally with the transmitted goods issue slip in accordance with VDA 4912 and that the electronic delivery notification is available to SMP before the arrival of the trucks.

**Goods receiving inspection:**

A dynamic random sampling check is carried out at goods receiving. This does not release the supplier from a 100% OK product quality, also see Chapter 8.

**Transfer of ownership:**

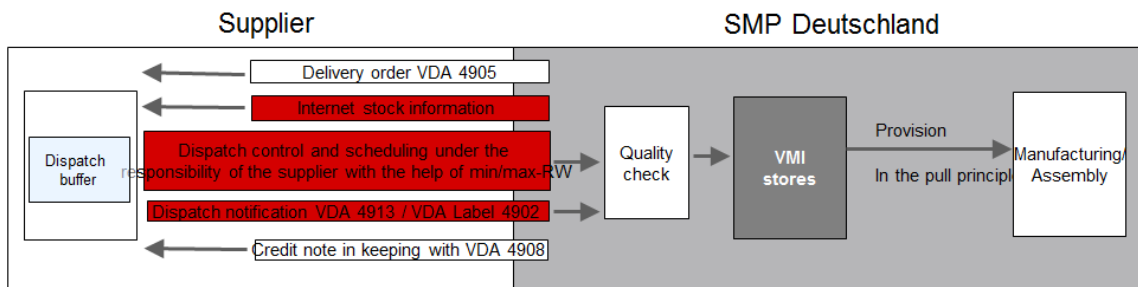
The material in the SMP stores is property of the supplier. Processing of the consignment is a precondition. SMP undertakes orderly preservation of the goods in the stores. The transfer of ownership from the supplier to SMP takes place after removal of the material from the consignment stores.

**Delivery service evaluation:**

The last valid delivery demand is the basis of evaluation. The evaluation is done based on the actual delivery dates with reference to the delivery dates and delivery quantities in the last valid delivery demand.

**3.7.2 Supply system Vendor Managed Inventory (VMI)**

**Overview:**



**Delivery demand:**

The delivery demand serves all the supply systems similarly, for resource planning and semi-finished material scheduling on the supplier side. The data in the delivery demand are basically net data, i.e. the stores stock in the VMI stores are already accounted for. The delivery demand is not an entitlement for delivery.

**Dispatch quantities:**

SMP will make available to its suppliers the current net plan requirements, current stocks, consumption quantities as well as information on the last delivery every day on the Internet. The maximum and minimum stock ranges are defined in the VMI tool of SMP. The ranges will be defined in the logistics agreement on an item-wise basis jointly with the supplier based on the defined delivery lot sizes and delivery cycles.

Depending on the supplier performance, SMP reserves the right to adjust and match the ranges.

The min. / max. stocks indicated in the VMI tool are binding for the dispatch control by the supplier. The delivery will be within the specified min. / max. stocks taking into account the production and material clearances. Excesses or shortfalls are not permitted - this also applies to paired item numbers (e.g. left, right).

Deliveries to the VMI stores of material outside the production clearance is not permitted and will be returned at the cost of the supplier.

**Goods receiving inspection/Goods acceptance/Transfer of ownership:**

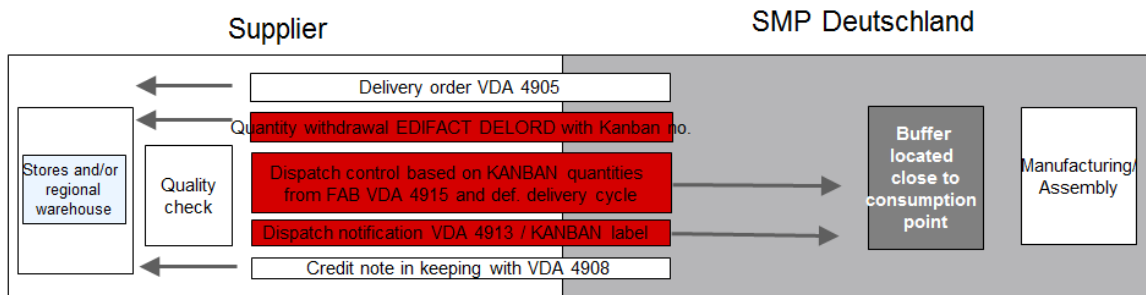
The processes are similar to those of the supply system Stores procurement (see 3.7.1). The costs for the material handling in conjunction with the VMI stores as well as for the storage capacity provided will be borne by SMP. Details on the VMI supply system are described in the VMI Guideline.

**Delivery service evaluation:**

The jointly agreed min. / max. limits form the basis of the evaluation. The evaluation is done on the basis of the undershooting/exceeding of the respective min. / max. limits.

**3.7.3 Supply system eKANBAN**

**Overview:**



The supply system is implemented according to a joint definition with the supplier of the system parameters: re-procurement time, Kanban lot size and transport cycle. The Kanban supply system is a stores-less process. This means that no deployable stores is set up at SMP. Consignment processing is thus not required. Only one Kanban buffer store is maintained in the vicinity of the consumption location.

The buffer stock is property of SMP. Owing to the stores not being required to be maintained, the Kanban processing requires a 100% OK quality and the stocking of safety levels by the supplier.

**Delivery demand:**

The delivery demand serves all the supply systems similarly, for resource planning and semi-finished material scheduling on the supplier side. The delivery demand is not an entitlement for delivery.

**Dispatch quantities:**

For the dispatch control, a quantity demand according to EDIFACT DELORD is transmitted. This quantity demand contains the required Kanban quantities. A unique Kanban number is transmitted per Kanban. This Kanban number must also be specified in place of the package number in the delivery note notification (VDA 4913) by the supplier.

**Goods receiving inspection:**

The goods will be supplied directly to a production buffer. No separate random sampling test is performed. The supply concept is based on delivering a 100% product quality. Separate agreements are made for this purpose with the quality assurance department.

**Goods acceptance:**

The goods receiving process takes place in a manner similar to the stores procurement process.

**Transfer of ownership**

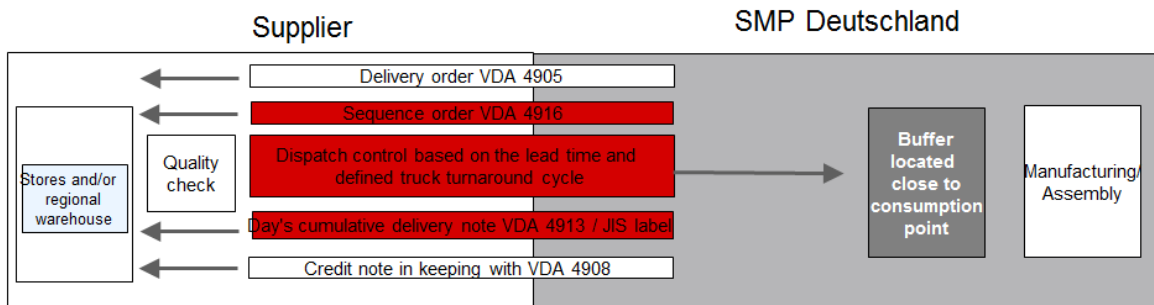
The transfer of ownership is in conformity with the agreed Incoterms (DDP/FCA).

**Delivery service evaluation**

The Kanban invoked in the agreed re-procurement time are the basis of the evaluation. The evaluation is done based on the Kanban not delivered in time in relation to the ordered Kanban.

**3.7.4 Supply system JIS (Just in Sequence):**

**Overview:**



A separate JIS requirements specification is generated for the price indexing on the basis of a JIS supply. The control time diagram is the central component of the JIS requirements specification.

**Delivery demand:**

The delivery demand serves all the supply systems similarly, for resource planning and semi-finished material scheduling on the supplier side. The delivery demand is not an entitlement for delivery.

**Dispatch quantities:**

The dispatch by the supplier takes place on the basis of the JIS delivery demand according to VDA 4916 as well as on the basis of the underlying control time diagram.

**Goods receiving inspection:**

The goods will be supplied directly to a production buffer. No separate random sampling test is performed. The supply concept is based on delivering a 100% product quality. Separate agreements are made for this purpose with the quality assurance department.

**Goods acceptance:**

The goods receiving process takes place in a manner similar to the stores procurement process.

**Transfer of ownership:**

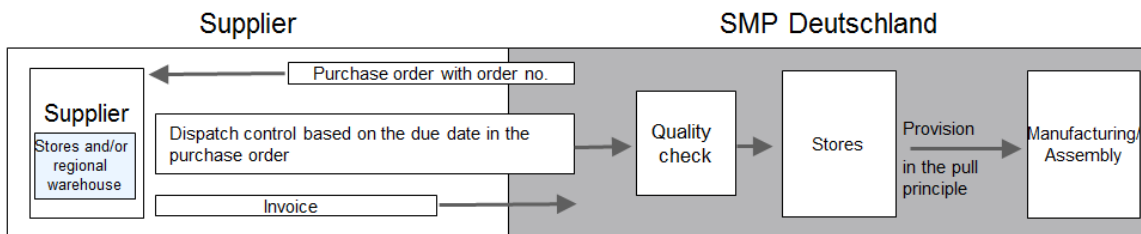
The transfer of ownership is in conformity with the agreed Incoterms (DDP/FCA).

**Delivery service evaluation**

The evaluation is carried out on the basis of components not delivered.

## 3.7.5 Supply through individual procurement

### Overview:



The supply through 'individual procurement' governs the delivery for supply scopes for which there are no delivery plans. What is involved here is a procurement process that is aligned to the current situation. In that sense, it is not quite correct to speak of a supply system either.

Generally, the orders are one-off or sporadic. For individual procurements, the determination of the logistical details with the help of the logistics agreement is dispensed with. SMP is responsible for transmitting all the applicable requirements and information at the time of placing the order (delivery quantity, due date, packing lot, load carrier, packaging, labelling, transport service provider if applicable, delivery documents etc.)

For the individual procurement, the supplier does not get a requirements preview according to VDA 4905. The supplier receives the purchase orders by fax or post. The supplier must in turn confirm the order immediately.

## 3.8 Holding safety stock

The stocks defined in the supply systems are tailored to the delivery lot sizes and serve for securing short-term requirement variations. The stocks are not designed for buffering against delivery delays by the supplier.

Accordingly, the supplier is responsible for punctual deliveries to SMP and to secure them, must, if required, hold his own safety levels of finished or semi-finished parts, Their magnitude and storage location depends on

- the stability of the internal processes of the supplier
- the stability of the supply chain preceding the supplier
- the geographical distance of the supplier if using a regional warehouse

It is incumbent on the supplier, upon inquiry by SMP, to notify his own current safety stock ranges.

## 3.9 Delivery dependability

Compliance is required without fail with the specified quantities and due dates regardless of the legal and religious holidays or country-specific restrictions. Even in the absence of EMPTIES, the supplier must ensure the supply of parts and if required, employ the defined standby packaging after previous consultation with the SMP plant.

## **4 Packaging**

### **4.1 Development of the packaging for special load carriers**

The development, financing and procurement of special load carriers is the responsibility of the supplier. The SMP packaging guideline must be taken into account in this context. It defines the criteria according to which a packaging must be developed. Any new special load carrier and any change to an existing special load carrier must be agreed with SMP and approved by it.

Single-use packaging will also be developed and paid for by the supplier. Universal load carriers with multi-use special inlays will be considered to be special load carriers.

The necessary investment and its tax deduction as well as the maintenance, cleaning and upkeep of the special load carriers will be agreed upon in writing in accordance with an agreed refinancing model when the contract is signed. The calculation will be done on the basis of the calculation sheet for logistics costs.

### **4.2 Determination and use of the packaging**

The packaging used between the supplier and the respective SMP plant and the concomitant responsibility is to be defined in detail and confirmed on the basis of the packaging data sheets after the contract has been signed. The confirmation must be done at the time defined in the project schedule. Approval of the tool costs of the supplier will be given only after acceptance of the series packaging by SMP.

The packaging data sheet should be sent to SMP for approval even after a packaging has been defined afresh or changed. Deviations from the load carrier that has been defined are only permitted after previous written approval (e-mail satisfies the requirement for written approval) by the responsible scheduler or packaging planner of SMP. The approval must contain the relevant item numbers as well as the standby packaging and the exact period of approval.

SMP expects to receive the delivery of goods exclusively in undamaged load carriers.

The LOAD CARRIERS are intended for the transport of the series purchased parts between the supplier and SMP and may not be used for any other purpose, for example, for

- the internal production movement at the supplier's site
- intermediate storage of semi-finished goods
- pre-productions

If the supplier changes his production and/or pick-up address of the components and/or of his processes, there could be an additional requirement for reusable containers. The supplier must cover this additional requirement at a time not later than the time of production transfer through an investment, and through procurement and inclusion of the containers. In such a case, SMP will not bear any costs incurred.

### **4.3 Upkeep of the load carriers**

The supplier must ensure that the load carriers are kept in a usable state. This includes routine basic cleaning and regular maintenance of the containers. The supplier shall bear these costs.

### **4.4 Storage and container availability of load carriers**

All containers made available to the supplier must be stored at the supplier for the entire delivery period. This also applies to a temporary reduction in the number of units. It is not possible to store the containers at SMP.

## 4.5 Marking and Labelling

### 4.5.1 Marking of pre-production parts

The labelling of samples, prototypes and pre-production parts must be done for every individual part.

The following information must be provided on the label:

- Specification of the drawing change index (design level)
- Clear marking as sample
- Specification of the date of production
- SMP sample part label on the parts
- Approval label from supplier QA on every container / every packaging unit
- OEM-specific identification marking
- S-Status

Example of marking on component:



9x1 pre-series part, Designation:, Raw material:, Date:, SMP no.:

In individual cases, compliance will be required with specific requirements (e.g. OEM requirements).

It is mandatory for the supplier to maintain a part life history according to the QA specification and to mark the parts up to the initial sample approval accordingly with the grade "1". Information on S-Status has to be applied on the outside of each carton, small load carrier, container at the material label. Information on S-Status has to be shown on the delivery note, too. The part life history should be enclosed with every delivery in every carton, small load carrier, container.

### 4.5.2 Marking of series production parts

The marking of the packages in accordance with the VDA standard 4902 as well as the relevant delivery note notification according to VDA 4913 is an important precondition for the integrative use of the documents. According to the VDA standard, every package/loading unit must carry a unique package number.

The exact specification for marking the loading unit and load carrier (container) as well as the relevant delivery note notification is described in the SMP EDI Guideline.

Moreover, the type of fastening as well as the position of the label on the load carrier are specified in the respective packaging data sheet. All old labels must be removed before labelling the containers.

### 4.5.3 Marking modified parts

After carrying out a change related to the product, the first three deliveries must be flagged with the tag "Change" and the specification of the relevant change index must be clearly marked with a warning triangle.

## 4.6 Disposal of throw-away packaging

If it is not possible to avoid throw-away packaging, it is disposed of at the cost of the supplier, unless otherwise agreed.

## 4.7 Procurement of reusable packaging

The supplier provides SMP-logistics immediately at first request the proof of complete procurement of returnable packaging [delivery-note and / or invoice]. The supplier must maintain records of the returnable packaging and submit the transaction data to SMP upon request. The supplier must ensure that all additions and disposals are recorded in his records.

### 4.7.1 Approval of reusable packaging

The following milestone plan describes the procedure for approving reusable packaging:

1. The first written packaging concept [supplier] shall be sent at the latest 4 CW after the CAD data for the component were approved [SMP]
2. An initial physical packaging sample [supplier] maximum of 6 CW after the availability of the first components [supplier]. All changes shall be implemented in the sample within a maximum period of 3 CW and shall be agreed with SMP.
3. Any necessary offer relating to a change in the packaging (CBD) [supplier] at the latest 2 CW after final approval of the packaging [SMP]
4. A minimum of 20% of series packaging [supplier] shall be available at the latest 12 CW after SMP has placed an order [SMP]
5. Documentary evidence of 100% available series packaging at the latest 20 CW before SOP.

In the event of non-compliance with the specified time frame, escalation shall be initiated by the responsible buyer.

Preliminary approval of the components (Note 3, yellow sampling,...) shall only take place in conjunction with correct series packaging.

## 4.8 Empties control

The storage of empties has to be effected as follows:

- Universal containers (VDA-SLC without part-specific deposits, Euro pallet cages, etc.) are assigned to the supplier depending on the material call offs.
- Special charge carriers are generally stored at the suppliers' site to ensure that the parts can be delivered within the agreed package in short-term call offs.

The supplier is responsible for the timely call off of empties from the assigned SMP plant.

In the logistics agreement, the empties requirement is defined depending on the load carrier requirements planning. The return to the supplier takes place in accordance with the delivery cycle, unless there is any other agreement to the contrary.

Poolable load carriers (lattice boxes and EURO flat pallets) are immediately exchanged with the freight forwarder at the time of pick-up or delivery of the shipment. An account is maintained with the freight forwarder.



Load carriers that cannot be pooled (small load carriers and special load carriers) will be administered by SMP in supplier-referred accounts.

The load carrier accounts of the issues and receipts will be reconciled monthly with the supplier. For this purpose, SMP will send a list with all the movements; this list must be checked for correctness within 2 weeks. If no written complaints reach SMP up to this time, the stocks from the account statement will be considered to be accepted in a binding manner by the supplier.

Every half-year, the supplier and SMP will jointly perform a load carrier inventory on a key date. Each party bears its own costs for this. If a supplier does not report his inventory stocks up to the deadline that has been set, the stock in the account statement following the inventory will be considered to be accepted by the supplier on a binding basis.

## 5 Delivery Process

The most important framework conditions for the transport are defined in the logistics data sheet.

If the supplier changes his production and/or pick-up address of the components and/or his processes, the logistics data sheet must be correspondingly matched in consultation with the SMP plant.

### 5.1 Delivery conditions in accordance with Incoterms® 2020

The deliveries will be performed in accordance with the conditions of the Incoterms® 2020. Deliveries that change a country or customs union are subject to the respective import/export guidelines. In order to establish clear responsibilities, SMP prefers the following trade clauses with its suppliers: FCA "FCA Free Freight Hauler (...specified location), CIP (Carriage and Insurance Paid (specified destination) or DAP Supplied (specified destination).

Other trade clauses such as EXW or DDP are less suitable for international traffic, since responsibilities and tax issues are often difficult or impossible to implement in reality. These incoterms should only be used after close consultation with the department or additional established agreements.

### 5.2 Responsibility for transport that of the supplier with Incoterm DAP/ DDP

For a delivery that is organised by the supplier, the supplier ensures that and is responsible for the following:

- the logistics service provider appointed by him can provide information on the location of the goods,
- that the goods arrive punctually and in good order at the SMP receiving plant or the destination named by SMP.

If SMP and the supplier have agreed on delivery according to the clauses **DAP/ DDP** the supplier is obliged to procure all the necessary information in time from SMP and to ensure that the goods arrive punctually and in good order at the SMP receiving plant or the destination named by SMP.

#### 5.2.1 Loading and unloading

The supplier, together with the logistics service provider, must ensure the safety of the goods upon loading, operationally and in traffic. Moreover, the efficient and safe unloading at the RECIPIENT'S site must be ensured.

## **5.2.2 Special trips**

A special trip is an action that is required in the individual case for shortening the transport time. It must be made when, owing to delayed transfers to the freight hauler, or for any other reasons, there is a threat of due date infractions. A special trip for shortening the transport time implies high costs and must be avoided through transparent order management. The causer of the special trip must be determined right at the time of agreement of the special trip with the logistics service provider.

If the responsibility for the regular transports is that of the supplier, he is also responsible for the organisation of the special trips.

On special trips, the drivers must be provided a mobile phone, so that the location can be determined whenever required. The mobile phone number must be communicated to SMP on demand. The supplier must ensure 24-hour delivery capability on 7 days a week as well as on holidays.

Special trips initiated by SMP require the written consent of SMP and will be paid by SMP only if this written consent is enclosed with the invoice. Special trips without the written consent will be considered to have been not initiated by SMP.

The costs for special trips will be borne by the causer.

## **5.2.3 Carriers**

If the supplier is responsible for the transport, he must ensure that road carriers/equipment and crew/driving personnel are in a condition as required by the regulations.

The means of transport and the equipment used for the transport must be suitable for the prevailing weather conditions (e.g. winter tyres in winter) and equipped with the corresponding aids for securing the load. The supplier must conform to the applicable laws and take the current state of the art into account.

## **5.3 Transport responsibility with SMP with Incoterm EXW/ FCA**

For a delivery that has been ordered by SMP, the supplier is responsible for timely and correct notification to the transport service provider appointed by SMP (e.g. through a routing order), as well as for punctually providing the delivery quantity.

When making a delivery, the working hours of the receiving plant as well as the transport-relevant Sundays and holidays must be taken into account. The supplier must ensure that working hours and holidays or half-holidays in the supplier's plant and of the transport service provider do not have an effect on the delivery frequency.

The notification of the delivery will be sent by the supplier himself via e-mail, fax or electronic communication to the transport service provider appointed by SMP (i.e. freight hauler or freight forwarder). Provided that nothing to the contrary has been agreed, the form of the transport service provider or the freight hauler or forwarder is used for this purpose.

### **5.3.1 Loading and unloading**

The sender undertakes the loading of the goods to the transportation means provided by the transport service provider/ freight hauler. The sender is responsible for ensuring that the goods are loaded such that they are secure in transport. For this purpose, he must conform to the current state of the art and to the applicable laws.

If no special loading plan has been agreed in the logistics agreement, the loading must be performed in such a way that unloading is efficiently possible at the SMP plant.

The transport service provider/ freight hauler is responsible for parking the vehicle and opening the tarpaulin or the doors. The transport service provider must secure the load and perform the securing in such a way that the load is transported securely.

## **5.3.2 Shortfall**

If the goods to be picked up and provided are not available in the required quantities, the available goods, as provided by the supplier, are loaded. The supplier must inform the scheduler of the SMP plant about the shortfall immediately, but at the latest, before the departure. The accompanying papers must be adjusted accordingly by the supplier before the pick-up.

SMP reserves the right to invoice the supplier for any costs that may be incurred owing to the shortfall freight as well as the costs of transport of the shortfall that has to be dispatched at a later time by a special trip.

## **5.4 Transport regulation with Incoterm CIP**

The Incoterm CIP scheme is roughly a mixture of the FCA and DAP schemes. The provision of goods and the transfer of risk of delivery are carried out in accordance with the rules for FCA deliveries. The costs are very much based on the rule for deliveries according to DAP. In order to prevent disputes, the corresponding purchase or supply contract should specify which party the transport organisation has to carry out.

## **5.5 Loading Plan**

Insofar as necessary - usually in case of several deliveries in a day - the SMP plant will distribute its requirements over the individual deliveries by means of a LOADING PLAN. On the part of the supplier, the provision and loading of the goods for the transport (FCA) or the delivery to the SMP plant (DAP or DDP) must be performed in keeping with this loading plan.

## **5.6 Transport documents**

When submitting a quotation, the supplier must provide the following information without fail:

- \* Designation of the goods
- \* Statistical commodity code
- \* Country of origin, dispatch and trade

If the responsibility for transport is that of the supplier (DAP or DDP), the supplier must generate all the required transport documents per shipment at his own risk and cost and hand them over or transfer them to the logistics service provider / freight hauler.

They are listed below:

### **5.6.1 Goods issue slip / Delivery note**

The necessary information from the goods issue slip in accordance with VDA 4912 is described in the SMP EDI Guideline. The goods issue slip contains the data of the electronic delivery note in accordance with VDI 4913.

If a goods issue slip cannot be made out in an individual case, for example, for individual special trips, a delivery note must be enclosed with the delivery, with the same information as is in the goods issue slip.

The original goods issue slip must be securely fastened externally on the packing with each delivery (for example, in a red dispatch bag) and may not be handed over to the driver of the freight forwarder.

The supplier guarantees that the goods that are loaded tally with the goods issue slip in all respects. If the goods issue slip/delivery note are not available to SMP at the time of goods receiving, or if it is incomplete, SMP reserves the right to return the goods to the sender at the sender's costs.

If there is a discrepancy between the goods issue slip and the electronic delivery note and/or the actually delivered quantity, SMP will send a complaint to the supplier indicating the actual quantities. The supplier must correct his invoice accordingly if there is no credit note procedure in use.

## 5.6.2 The customs papers

If the purchase order and order placement are with a supplier whose head office is located inside the EU and the supplier produces the goods in a third country, SMP buy custom paid goods. The supplier must ensure that SMP does not appear as the customs declarant. The customs declaration and customs clearance will take place accordingly in the name and to the account of the supplier unless the sales contract otherwise stipulates.

If the ordering and order placement to the supplier takes place outside the EU, or if the supplier is registered in a third country, the sender (supplier) must hand over all the legally prescribed customs paperwork (documents, certificates) in the meaning of § 413 Section 1 of the HGB (German Commercial Code) for the goods to be dispatched to the driver of the freight forwarder or the logistics service provider. The supplier must send the complete documents to SMP

The SMP works with a customs agent for import customs clearance to ensure electronic customs clearance.

The transport documents must be communicated in accordance with the legal regulations or must be clearly attached to the goods. For transports via truck the delivery needs a CMR document.

Deliveries with T1 are permitted in exceptional cases and after prior consultation with the specialist department. A delivery with an open T1 documents to a SMP plant is not approve. The customs clearance must be done with the customs office before delivery will arrive the SMP plant.

Furthermore, the following information is indispensable for the customs declaration by SMP and must be noted on the goods issue like invoice and packaging list slip without fail:

- Collection address, if different from exporter
- Exporter, incl. contact (telephone/mail)
- Buyer (=importer), incl. contact (telephone/mail) especially for development/testing projects
- Delivery address, if different from buyer
- Invoice number
- Order number / delivery schedule number of the parts/component(s)
- Terms of delivery (Incoterms)
- Customs tariff number (HS-Code) especially for deliveries from the non EU countries -Export for pick up country
- Project description
- Clear description of the part (only "plastic part" is not accepted)
- Article number (SMP number)
- Customs tariff number (HS-Code) Import code for delivery country
- Quantity
- Price per unit from orderring
- Total value
- Quantity of packages and weight

Moreover, whatever information is required for the official handling before delivery must be provided. If required, these must be filled out completely and truthfully, such as, for example:

- Transit declaration
- T1- / T2 papers
- Carnet -TIR / ATA
- Certificate of origin
- Forms EUR.1
- ATR
- Movement certificate (preference)
- Safety certificates/ hazardous goods sheets; materials certificate
- If required, any other documents needed for import or export (non-wood declaration etc.)

### **5.6.3 The way bill**

If nothing to the contrary has been agreed, the way bill must conform to the recommendations in VDA 4922. The CMR way bill must be used for international transport over land. Additional documents, such as the AWB (air way bill) etc. may be required for dispatch by sea or air.

### **5.7 Time window**

Compliance with the time windows in the SMP plants and SMP module centre are binding for all regular transports and must be complied with strictly. This determination is made in the logistics data sheet.

For all deliveries, compliance is required with the notifying and pick-up times specified on the dispatch instruction and the delivery due date noted on the freight forwarder's order / way bill.

The supplier undertakes to have the loading/unloading process at his loading/unloading point started within 30 minutes and run without interruption. This time starts from the moment that the logistics service provider/freight forwarder appointed by SMP reports to the goods inward section - but at the earliest, at the start of the time window specified in the logistics data sheet. SMP will invoice the supplier for wait times that exceed one hour.

### **5.8 Excess delivery/Short delivery**

Additional costs incurred from excess or short deliveries will be invoiced to the entity causing the excess or shortfall. Returns to the supplier will be at cost (also see Chapter 8).

### **5.9 Delays and later delivery**

If the supplier provides the goods too late for pick-up and/or delivers them too late, the following actions have to be carried out:

- The responsible schedulers at SMP and with the logistics service provider (freight hauler or freight forwarder) must be notified by telephone immediately and without fail, followed by a confirmation by fax or e-mail.
- In such a case, SMP cannot guarantee that there will not be any wait times at goods receiving at SMP.
- The supplier will perform all the necessary actions for fastest possible provision of the components (emergency plan). All the resultant costs (e.g. special transport) will be charged to the causer.

## 5.10 Not OK parts

If supplied parts do not conform to the required and agreed quality, they will be returned by SMP, with the costs to be borne by the supplier. The supplier undertakes to provide replacement supplies within the time required by SMP (also see the emergency plan).

If the responsibility for the regular transports is that of the supplier, he is also responsible for the organisation of the special trips. Upon demand, the supplier must explain to SMP the concept for the organisation of special trips. The causer shall bear the costs.

## 6 Part returns

If the supplier has been nominated as the supplier for the spare parts service after a product has been discontinued from series production, the contracting parties agree that the supplier will buy back any excess materials that may be left over owing to the EOP.

Taking this agreement into consideration, upon discontinuation of a product, it will be made possible for the supplier to supply complete packing units (also see 3.3). SMP will bear the costs of return transport.

## 7 Obligation to inform

Basically, the supplier must inform the respective SMP plant (proactively) immediately about any events that could hamper the delivery or pick-up (e.g. production bottlenecks, accidents, traffic jams, bad weather, strikes etc.). At the beginning of the year, the list of days on which the supplier will not work, such as cultural or celebratory holidays or company holidays must be reported to SMP without being prompted to do so.

## 8 Quality and logistical supplier assessment

The data base for all supplier evaluations comes from an SAP statement. This SAP extract forms the basis for the Supplier Cockpit and SPES (replaces from 2020 that Supplier Cockpit)

The goal of the development and implementation of the Supplier Performance Management System is to measure and monitor the performance of existing suppliers in order to improve them in terms of quality, adherence to deadlines, price, total cost, general responsiveness and services to SMG customers.

The performance of the suppliers is evaluated on the basis of operational and commercial parameters. The final score of the supplier is the sum of its operating performance (85%) and commercial performance (15%). The operational performance of the supplier depends on its quality performance (51%) and delivery (34%) off.

The logistical supplier assessment consists of six parts:

<u>Part</u>	<u>Assessment factor [%]</u>
Premium freight	10
Over shipment (Qty.)/ early shipment (Date)	25
Short shipment (Qty.)/ late shipment (Date)	25
Delivery issues – packaging / labeling / ASN error etc.	15
Reaction to delivery concerns	15
Soft facts	10

## 8.1 Quantity of special transports

It is the monthly number of cases of supplier premium freight. For each premium freight, the supplier receives 0 points. Any occurrence of premium freight results in 0%

## 8.2 Over / to early deliveries

The monthly number of deliveries / early shipments must be reported. For over- and early delivery, the supplier can receive 0 to 25 points, depending on the requirement.

Topic 1: If the supplier has 10 or less deliveries per month.

Quantity of <b>NOK deliveries</b>	Points
0	25
1	6
>1	0

Topic 2: the supplier has more than 10 deliveries per month.

Quantity of <b>OK deliveries</b>	Points
100% - 95%	25
95% - 85%	15
85% - 66%	6
< 66%	0

## 8.3 Under / to late deliveries

The monthly number of deliveries / early shipments must be reported. For under- and to late delivery, the supplier can receive 0 to 25 points, depending on the requirement.

Topic 1: If the supplier has 10 or less deliveries per month.

Quantity of <b>NOK deliveries</b>	Points
0	25
1	6
>1	0

Topic 2: the supplier has more than 10 deliveries per month.

Quantity <b>OK deliveries</b>	Points
100% - 95%	25
95% - 85%	15
85% - 66%	6
< 66%	0

## 8.4 Logistical delivery quality

SMP demands a 100% logistical delivery quality. The following fault cases are evaluated for the logistical delivery quality:

- IC02: (LF) Labelling instruction infringement
- IC03: (LF) Packing wrong
- IC09: (LF) Wrong labeling
- IC16: (LF) Dirtying storage/transport
- IC29: (LF) Wrong delivery
- IC37: (LF) Transport damage
- IC43: (LF) Delivery documents/ data communication formally faulty
- IC44: (LF) Delivery note quantity difference

A complaint is triggered per fault case. SMP reserves the right to charge the supplier for costs arising from the fault cases.

Quantity of <b>logistical fails</b>	Points
0	15
1	12
2	9
3	6
>3	0

In case of escalation, all logistics errors will become ppm-relevant.

## 8.5 Reaction time

The monthly number of on-time, delayed corrections of delivery problems must be reported. The supplier receives 0 to 15 points for responding to delivery problems.

## 8.6 Informational linkage and soft facts

Informational linkage is the continuous, gap-less fulfilment of the SMP EDI Guideline, which is a document that also applies together with the logistics standard.

The points assignment of the Soft Facts depends on the following criteria: Reaction time / Conduct, Info-conduct, Reachability / Representation, Open-mindedness about project, and hotline 24/7.

## 8.7 Self-evaluation based on Global MMOG/LE

The "Logistics Evaluation" is based on the 'Global Materials Management Operations - Guidelines'. By means of a multiple-choice questionnaire, it allows an evaluation of the logistical capability of a supplier. The supplier himself can perform the evaluation. Effective use requires answering the questions as honestly and objectively as possible.

The logistics evaluation allows an estimate of the risks prevailing with regard to the future supply security. In view of the cooperative collaboration, a joint analysis is, naturally, a matter of course. What is involved here is not so much the evaluation of individual details, but determining the important action areas for improving the performance of the supplier.

The questionnaire can be found in the German translation of the SMP Internet page. Additional information can also be found at [www.odette.org](http://www.odette.org). The Logistics Evaluation has to be performed at the start of the project and upon request by SMP. To what extent GMMOG/LE is performed completely or only partially depends on the scope of the project under inquiry or assignment. For service scopes to the customers Ford and GM, an annual performance is mandatory.



## 9 Logistics quotation generation

### 9.1 Definition and delimitation of A-price, B-price and logistics costs

The A-price includes the entire handling cost, all the required quality-assuring actions, as well as the administrative activities up to the point of transfer in accordance with the delivery conditions Incoterms® 2020 FCA "free carrier" (free freight hauler...specified location). For international suppliers (sea freight), instead of FCA, the Incoterms® 2020 FOB "free on board" (free on board ... specified port) applies.

The limit between the A/B prices is defined by the location of the last value addition.

The B-price comprises the A-price + logistics costs.

The logistics costs include, apart from the freight costs, the load carrier costs as well as costs of maintaining and handling external stores.

### 9.2 Components of A-price

The A-price includes the entire handling cost, all the required quality-assuring actions, as well as the administrative activities up to the point of transfer in accordance with the delivery conditions Incoterms® 2010 FCA "free carrier" (free freight hauler...specified location).

#### 9.2.1 Handling effort

The handling effort includes, in particular:

- Packing in load carriers (containers, boxes)
- Clear marking of the parts or the load carriers and loading units in accordance with the SMP EDI Guideline.
- Loading the loading unit on the freight carrier
- 

#### 9.2.2 Quality-assuring measures

The quality-assuring measures comprise, in particular, the following:

- Cleaning the load carrier (also removing labels)
- Conservation
- Packed including parts protection (quality-assuring action / not usable again\*)
- Compliance with the delivery conditions (parts protection, conservation)
- Provision of normal commercial single-use packaging

#### 9.2.3 Administrative activities

The administrative activities include:

- the data exchange required with the delivery process (reception, transmission)
- Generation of all the dispatch papers including other costs (customs clearance, etc.)

\*Parts protection: Load carrier cladding, intermediate layers, dust covers, closing plugs, PE bags, transport securing devices, paper, single-use partitions, blister packaging, adhesive foil, air bubble foil, filling material

The pre-logistics costs (e.g. transport and load carrier costs for raw and pre-production materials) are a part of the A-price.

**9.3 Components of the logistics costs**

The logistics costs include, apart from the freight costs, the load carrier costs as well as costs of maintaining and handling external stores.

**9.3.1 Freight costs**

- Full transport including all auxiliary costs (costs FCA from supplier location of the supplier / FOB port of shipping up to transfer point in the supply location of the supplier up to DDP receiving plant SMP)
- Empties transport including all auxiliary costs (FCA from SMP supplying plant up to the delivery location of the supplier)

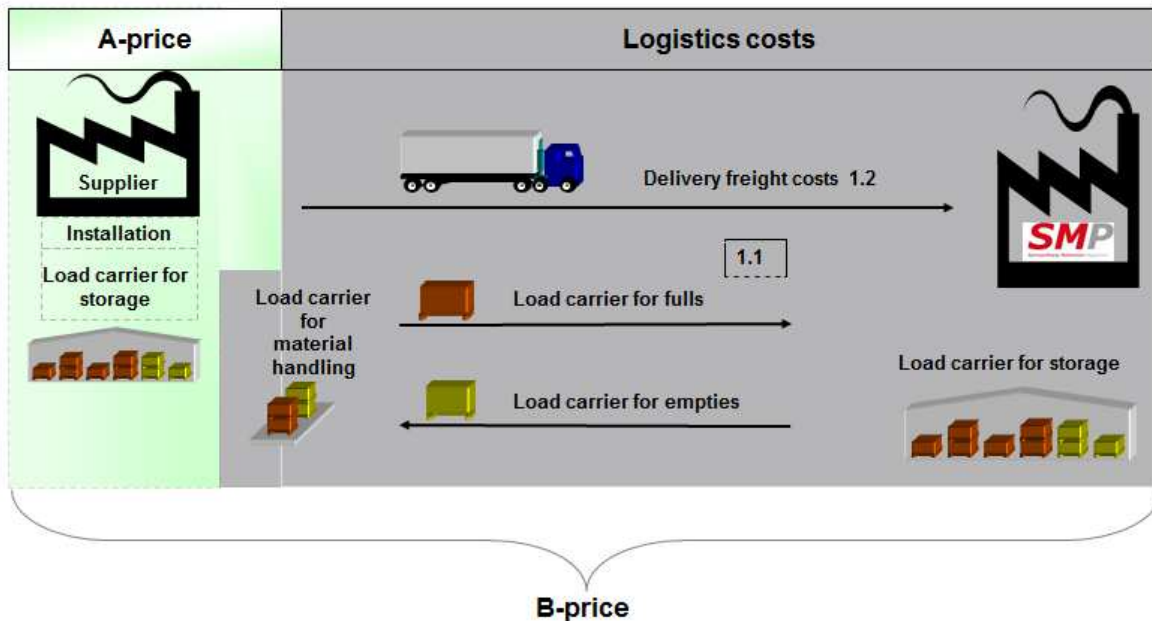
**9.3.2 Load carrier costs**

- Planning and development of the load carrier
- Investment or rental of the load carrier
- Upkeep
- Overseas packing
- Other required load carrier protective packaging (could be single-use protection)

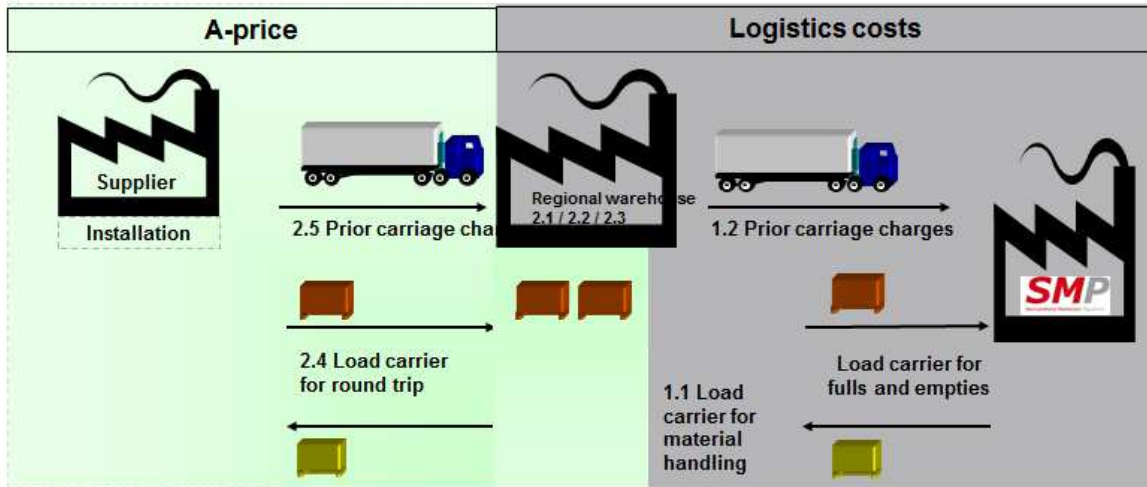
**9.3.3 Costs of maintaining external stores, and handling**

- Unloading
- Repacking into load carriers agreed upon with SMP (in case of sea freight, may be in single-use packaging)
- Picking and sequencing
- Storage
- Transport and provisioning up to the point of transfer according to the delivery condition

**9.4 Composition of A- and B-price without the usage of regional warehouses**



9.5 Composition of A- and B-price with the usage of regional warehouses



➔ The load carrier for the round trip in conjunction with the prior carriage charges as well as for storage and regional warehouse are a part of the A-price.

The individual components should be specified in the costing sheet.

10 Other Documents

The following other documents are a part of the logistics standard:

- Calculation sheet for logistics costs
- Packaging guideline
- Load carrier catalogue
- Packaging data sheet
- EDI Guideline
- Odette recommendation Global MMOG/LE

After award of order, additionally:

- Logistics data sheet
- Packaging data sheet for series packing
- Packaging data sheet for exception packing
- Dispatch instruction (for FCA regulation)
- Communications data sheet (EDI data sheet)
- Emergency concept

## 11 Terms and abbreviations

DELIVERY/HANDOVER:	Transfer of ownership of the goods to the legitimate RECIPIENT. This requires the acceptance by the RECIPIENT after a preceding goods receiving inspection or after the prompt by the seller for carrying out this goods receiving inspection.
CONSIGNER:	The person or company that actually hands over the goods to the freight forwarder - not the customer of the freight forwarder.
EDI:	English abbreviation Electronic Data Interchange
RECIPIENT:	The person or company (address) designated in the consignment order or transport document to whom the goods are to be dispatched.
DELORD:	EDIFACT message: With this type of message, the individual KANBANS are transmitted to the supplier in the form of a quantity demand.
FREIGHT HAULER	The person or company carrying out the transport of goods on land, over water or by air.
GOODS:	All products that SMP obtains from its suppliers, including the relevant LOAD CARRIERS or other PACKING MATERIAL, empties, packaging material or external packaging.
INCOTERMS® 2020	= International Commercial Terms are uniform, harmonised international rules for designing commercial contract forms in international goods trade, authored by the International Chamber of Commerce in Paris. They govern the rights and responsibilities of the seller and the buyer, including the distribution of the costs and the transfer of risk, the procurement of the documents, the transfer of due diligence and scheduling responsibility.
LOAD CARRIER:	A means of carrying, for combining goods into one loading unit. The term LOAD CARRIER also includes the commonly used term "Container" or also the packaging "Box". Package is thus a synonymous term.
EMPTYES:	Emptied reusable packaging or containers that the seller has to transport back to the PLACE OF LOADING.
DELIVERY DEMAND:	Non-binding preview of the purchase orders from the OEM, generally for 6 months on a weekly basis, which are then regularly forwarded to the supplier by fax or EDI.
DELIVERY PERIOD:	Time that elapses from the placement of an order to the delivery of the goods
LOADING PLAN:	Binding quantity and part number distribution of the purchase order into individual deliveries.
OEM:	English abbreviation Original Equipment Manufacturer, automobile manufacturer
PRODUCTION CAPACITY:	The capability of a supplier to supply a defined quantity of components over a certain period of time (hour, day or week).
FREIGHT FORWARDER:	The person or company organising the transport service, which buys the conveying and related services and enhances them (if required, with its own services), and which plans, steers, optimises and controls the transports and logistical services, and sells them as a complete service to SMP.
TRANSPORT:	Physical movement of goods in one or more sections / trips with one or more means of conveying, starting with the movement-secure

	stowing and fastening of the goods on the means of conveying at the point of accepting the goods, up to the delivery to the RECIPIENT.
VDA	Verband der deutschen Automobilindustrie (Association of the German Automobile Industry)