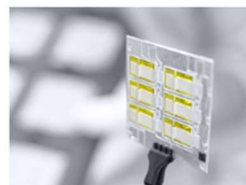
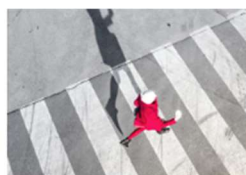


# vitesco

## TECHNOLOGIES

### General Supply Chain Agreement



Version 1.0 (2020)

# Global Supply Chain Agreement

– hereinafter referred to as “GSCA” –  
by and between

– hereinafter – together with its Related Companies - referred to as “Supplier” –  
and

**Vitesco Technologies GmbH**  
**Siemensstraße 12**  
**93055 Regensburg**  
**Germany**

– hereinafter – together with its Related Companies – referred to as “Vitesco Technologies” –

– Supplier and Vitesco Technologies hereinafter referred to individually as “Party” or together as “Parties” -

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## Chapter 1: Introduction

The GSCA consists of different sections describing all Supply Chain processes and tools between Suppliers and Vitesco Technologies operations. In order to respond to specific supply processes of Vitesco Technologies plants or regions, these guidelines can be supplemented by region - or plant specific annexes concerning EDI, Packaging, Customs/Foreign Trade, and Dispatch/Transportation.

These documents are available for download at the Vitesco Technologies [Supplier Home Page](#) or are made available by Vitesco Technologies via the SupplyOn Document Manager.

The GSCA applies to all Suppliers of Vitesco Technologies supplying raw and production material. The focus of GSCA lies on Supply Chain processes and tools during serial production.

The GSCA applies to any company directly or indirectly controlled or owned by Vitesco Technologies GmbH at more than 50% of their share capital or voting rights (herein referred to as "Related Companies")

The GSCA for Supplier and its incorporated Vitesco Technologies' Technical Standards norms known as "TST", contain a complete list of all possible Supply Chain Management processes and tools with a global perspective during serial production. The following content explains the main processes and tools that Vitesco Technologies and its suppliers can encounter.

**The signature of this document is a pre-requisite for any new supplier introduction or new business attribution.**

**For further information, please contact Vitesco Technologies Supply Chain Management:** [scm\\_supplier\\_business\\_partner.vt\\_t4\\_sa@vitesco.com](mailto:scm_supplier_business_partner.vt_t4_sa@vitesco.com)

## Chapter 2: Information and Communication

### 2.1 CONTACTS

Vitesco Technologies uses the SupplyOn Business Directory as a data source for key contacts for suppliers to provide and request information. The following key contacts for Supply Chain need to be maintained and held up to date: Account Manager for Vitesco Technologies, Supply Chain Manager, Customer Order Service, EDI Responsible.

In day-to-day operations, the Supplier contact is a Supply Chain Management contact at the ordering Vitesco Technologies location. This includes topics related to material management, EDI implementation, material shortages etc.

### 2.2 EDI AND BUSINESS COMMUNICATION

Supplier uses EDI in order to exchange communication with Vitesco Technologies' location. This includes the standard business communication with Supplier by EDI (Delivery Schedule, Self-Billing Invoices, Inventory Report, ASN, Delivery Forecast Planned Delivery). This section describes the general requirements on EDI and the process of setting up an EDI communication with Vitesco Technologies.

EDI transforms paper-based business communication into a template message that is exchanged electronically between Vitesco Technologies IT-Systems and Supplier. The exchanged data and information are formatted according to standard needs and message types so that incoming or outgoing data is processed correctly.

IT-Systems and message standards are customized to Vitesco Technologies' locations requirements. New EDI connections are set-up according to these standards. In justified cases and if the Vitesco Technologies production location agrees, communication via WEB EDI SupplyOn is acceptable as alternative process.'

#### 2.2.1 SETTING UP AN EDI CONNECTION WITH SUPPLIER

The implementation of each EDI connection is coordinated with the responsible EDI of each Vitesco Technologies' location. Usually, the ordering Vitesco Technologies' location contacts the Supplier and initiates the EDI implementation.

Both Parties agree on a timeline to transform standard business communication into EDI and clarify first every technical setting (EDI parameters and EDI format). Supplier checks if its implementation of EDI suits Vitesco Technologies' specifications and needs.

During EDI implementation, Supplier receives further technical details on the settings and Vitesco Technologies location specific regulations. Technical details for the message types are provided during the set-up of the connection and are reviewed and tested with the respective Vitesco Technologies location and Supplier before the set-up validation. For tests purposes, Vitesco Technologies uses test IT-Systems and not the productive IT-Systems in order to avoid impacts on manufacturing processes.

Each Party shall bear its own costs arising out of the establishment, maintenance and use of the communication mode including any fees relating to the use of each communication mode.

#### 2.2.2 MONITORING AND EDI PROCESSING

Once the connection is set and implemented, Supplier ensures the consistency of the IT-System throughout all its processes.

Therefore, both Parties check if the received message is complete, correct, and plausible. If any deviations are noted, the respective Party informs the Vitesco Technologies' location or Supplier without delay.

Delivery Schedules and Inventory Reports are released regularly (daily/weekly/bi-weekly) on a rolling basis. A new Delivery Schedule or Inventory Report Data Report updates the previous one completely. As a result, the next release of the message replaces completely the preceding ones.

## 2.3 TYPES OF EDI MESSAGES

### 2.3.1 DELIVERY SCHEDULE

A Delivery Schedule is a communication sent from Vitesco Technologies to Supplier concerning Contract Products for Supplier to plan their supply. The message includes the requirements regarding details for short terms deliveries and/or medium to long term scheduling. It is sent by EDI and the current Vitesco Technologies' company standard format is a GLOBAL DELFOR based on EDIFACT standard (e.g. EDIFACT D.04A). The message might also be referred to as DELINS (Scheduling Agreement Lines) or DELFOR01 (Forecast Delivery Schedule).

### 2.3.2 JIT SCHEDULE

In addition to Delivery Schedule, the Just-in-Time (JIT) Schedule can also be sent to the supplier to reflect the short-term requirements (2 weeks) daily. The JIT Schedule message is sent by EDI and follows the same Vitesco Technologies' company standard format as the Delivery Schedule message based on EDIFACT standard.

### 2.3.3 INVENTORY REPORT

An Inventory Report provides information concerning consignment stock levels and stock movements. Supplier requires this information in order to plan resupply. With an Inventory Report, Vitesco Technologies informs Supplier about the quantity withdrawn from consignment stock and from which the invoicing process is started (Self-Billing). The current Vitesco Technologies company standard format for Inventory Report is based on EDIFACT INVRPT 97A and EDIFACT INVRPT 99B.

The inventory report includes a unique consumption reference number for each single withdrawal out of consignment. This unique consumption reference number also includes information on consignment stock levels, good receipt and any good issue.

If Supplier agrees and if its IT-System can process this information, Vitesco Technologies can also include in separate Inventory Report messages concerning stock levels of free, and quality blocked levels of consignment stock and Vitesco Technologies stocks.

### 2.3.4 SBI

The purpose of the SBI message is to automate the invoicing process. Currently the preferred Vitesco Technologies' standard format is EDIFACT INVOIC 96A or INVOIC 97A. SBI are subject to applicable law and will be handled in accordance with applicable accounting regulations in the countries of the business partners.

### 2.3.5 ASN - ADVANCED SHIPPING NOTIFICATION

ASN is a notification of deliveries in transit, similar to a delivery note or packing slip. Supplier sends the ASN via EDI or other alternative at the time a delivery is shipped. At Vitesco Technologies, the ASN is known as a 'Global ASN' and is based on EDIFACT standard - version DESADV 07A. However, alternatively VDA and ANSI standards or ASN input via SupplyOn are accepted as well.

An ASN is required in addition to a DELFORP (Delivery Forecast Planned Delivery) message to provide transparency.

Vitesco Technologies' Global ASN message is an electronical copy of the delivery note and enables Supplier to describe in detail the contents of a shipment. This includes e.g. order information, product description, physical characteristics of the goods, or type of packaging.

The 'Global ASN' supports the following processes:

- Transparency and data visibility in the supply chain: Upon reception of the ASN, the information is processed within Vitesco Technologies' ERP-System and keeps Vitesco Technologies informed of any difference (date and quantity) between the scheduled delivery and the final delivery.
- Goods receipt process: Some Vitesco Technologies' locations use the 'Global ASN' as a simplified goods receipt process. Vitesco Technologies' ERP-Systems process all ASN data sent by Supplier and create "inbound deliveries". When the shipment arrives, the goods receipt posting can be processed quickly as all necessary information is already present in Vitesco Technologies' ERP-Systems.

- Supply Chain Monitor (SC Monitor): the SC Monitor is a web-based monitoring system of the current supply situation. Within the SC Monitor, all deliveries for which Vitesco Technologies receives an ASN are displayed as in-transit quantities and are considered for the determination of the material coverage.

The ASN is generated as soon as the shipment leaves Supplier's location. The data is then transferred to Vitesco Technologies' IT-Systems as a "Global ASN" message:

- Via classic EDI (EDIFACT, VDA, ANSI, ANFAVEA); or
- Via csv upload in SupplyOn; or
- Via manual input in SupplyOn. In case Supplier sends the ASN via SupplyOn, Supplier needs to take into account that the SupplyOn ASN profile is prescribed by Vitesco Technologies' locations.

The ASN data are automatically imported into Vitesco Technologies' ERP-Systems where data is processed according to the requirements of each Vitesco Technologies' location.

The Supplier ensures the usage of single line items when posting the ASN, as multiple line items cannot be processed by most of the Vitesco Technologies' plants. Single line item means that one ASN/delivery note number is created for each single part number. An additional requirement is that the ASN/delivery note number must be unique.

In case ASN data interchange is newly implemented for Supplier, testing is mandatory. For this test, Supplier must send a test message to each Vitesco Technologies' location first via Vitesco Technologies' test ERP-Systems.

### 2.3.6 DELIVERY FORECAST PLANNED DELIVERY (DELFORP)

The purpose of a DELFORP message is to inform Vitesco Technologies about planned deliveries well in advance. Planned deliveries are designated as "planned receipts".

## 2.4 SUPPLYON

Strategic Suppliers for Vitesco Technologies are registered to SupplyOn and know how to use its services. Supply Chain Management requires Supplier to use the SupplyOn Performance Monitor and if applicable WEB EDI, SC Monitor and Document Manager.

### 2.4.1 ACCESS

Supply Chain Management will contact the relevant Suppliers which are not yet registered to SupplyOn. Both Parties agree on the registration. Then, Supplier receives further instructions from Vitesco Technologies' Purchasing to initiate the registration and SupplyOn will contact Supplier to conclude a contract.

Trainings for SupplyOn services are not the responsibility of Vitesco Technologies. Supplier should contact SupplyOn Customer Service for further information.

### 2.4.2 WEB EDI VIA SUPPLYON

If Supplier is not able to implement EDI, WEB EDI via SupplyOn is accepted as an alternative process. The difference between EDI and WEB EDI is simply exchanging EDI messages via an internet platform. With the WEB EDI service of SupplyOn, all regular message types can be exchanged. Supplier can view, print, or download these EDI messages transmitted to the SupplyOn platform by Vitesco Technologies.

For the registration of the WEB EDI Service, Supplier contact SupplyOn and both Parties conclude a contract in good faith. Then, adjustments to Supply Chain Management processes and changes in system-settings by and between Vitesco Technologies and Supplier are tested, initiated and implemented.

## Chapter 3: Preferred Sourcing Models

Vitesco Technologies considers the “Preferred Sourcing Model” (PSM) as key criteria for sourcing decisions. This chapter is not related to aftermarket suppliers without serial business.

In general, all Suppliers are required to deliver the Contract Products according to one of the following PSM such as the Customer Managed Inventory (CMI), the Vendor Managed Inventory (VMI) or the Just-in-Time (JIT). After a mutual agreement between the parties, the models of implementations are provided on a free-of-charge basis by the Supplier upon request by the individual Vitesco Technologies’ location and regardless of the Purchasing Volume of the individual location.

In order to assure cooperation, these conditions are specified in the PSM contract agreed by both parties. In justified exceptional cases and upon acceptance of Vitesco Technologies’ location, specific ship to stock model can be implemented.

Depending on the agreed PSM, the Supplier receives delivery schedules (CMI/JIT) or gross demand (VMI) information which updates Vitesco Technologies’ demand (Rolling Non-Binding Forecast) for minimum 12 months. A new delivery schedule or gross demand information (Rolling Non-Binding Forecast) replaces the previous one completely. Vitesco Technologies will use commercially reasonable efforts to provide Supplier with three (3) months end of life notification.

### 3.1 CUSTOMER MANAGED INVENTORY (CMI) CONSIGNMENT WAREHOUSE

CMI is a consignment process in which Vitesco Technologies as the Customer manages the material planning in terms of restocking. Supplier resupplies the Contract Products as indicated in a Delivery Schedule to a location close to or at Vitesco Technologies’ premises.

The requirements for CMI consignment process as well as responsibilities are agreed between the Parties in the respective CMI contract. The quantities in Delivery Schedule are in the case of CMI net requirements. These are lot-sized, and they result from applying gross requirements against current stock level, scheduled receipts, and safety stock.

### 3.2 VENDOR MANAGED INVENTORY (VMI) CONSIGNMENT WAREHOUSE

The basic idea of VMI consignment process is to give Supplier the responsibility for inventory management. VMI is a consignment process in which the Supplier is free to make his own decision regarding the delivery date, frequency, and quantity as long as Supplier maintains the inventory level required by Vitesco Technologies. Vitesco Technologies defines a minimum and maximum stock level, transmits gross demands in form of a Delivery Schedule and the inventory levels.

In addition to this, Supplier receives EDI messages called Inventory Reports, which give information on the inventory levels of the consignment stock (free, quality and blocked) as well as include information about movements in consignment inventory (receipts and pulls).

Moreover, Supplier ensures resupply in accordance with the agreed upper and lower range of coverage in calendar days (two weeks for minimum and four weeks for maximum material coverage).

The requirements for VMI consignment process as well as responsibilities are agreed between the Parties in the respective VMI contract.

### 3.3 JIT

JIT means Just in Time. It is a demand driven sourcing model with a limited inventory coverage range and high frequency deliveries (at least three times per week) relying on pull signals (e.g. Kanban) between different points (e.g. warehouse or production line).

Supplier receives in addition to a Delivery Schedule a call-off from the ordering Vitesco Technologies’ plant. The mode of communication of the call-off (e.g. EDI, WEB EDI, E-Kanban, mail) varies and is agreed between the Parties during the set-up of the concept

## Chapter 4: Order Management and Planning

This section describes processes and communications between Vitesco Technologies and the Supplier concerning material planning and monitoring deliveries.

### 4.1 MATERIAL MANAGEMENT AND SUPPLY CHAIN INFORMATION FLOW

Vitesco Technologies' location provides the Supplier with a long-term demand non-binding forecast for continuously ordered Contract Products in volume production that cover at minimum the upcoming twelve months.

Additionally, Supplier receives a call-off or Inventory Reports according to the Preferred Sourcing Model. Supplier therefore uses this information to plan its material procurement, production capacity, dispatch, and deliveries and consequently ensure its delivery capability.

### 4.2 DELIVERY SCHEDULE PROCESSING

The Delivery Schedule contains multiple schedule lines informing Supplier about current and forecasting estimates for Contract Products, including the required Vitesco Technologies' receipt date and quantities at the Vitesco Technologies' delivery address. Delivery Schedule will be sent by any ordering Vitesco Technologies' location whenever updated.

There is a separate EDI message for each type of Contract Product.

### 4.3 DELIVERY SCHEDULE TYPES

In general, there is no difference in the EDI message type and within the format (e.g. EDIFACT or VDA) between the different Sourcing Models.

However, the Supplier understands that quantities cited in Delivery Schedule for VMI are 'gross requirements' whereas to 'net requirements' in case of CMI consignment process or JIT.

### 4.4 PLANNING AND MONITORING DELIVERIES BY THE SUPPLIER (RESPONSIBILITIES)

#### 4.4.1 POINT AND TIME OF DELIVERY

Vitesco Technologies' location requires its suppliers to deliver the Contract Products in the quantities and on the terms that achieve 100% on-time delivery, respecting the dates and location specified in the decisive delivery schedule.

Supplier delivers Contract Products according to the Delivery Schedule's information.

Supplier takes into account any applicable times for transportation, goods preparation to make the deliveries ready for pick up or arrange shipment in time. Supplier is responsible to monitor on time pick up or dispatch. For consignment processes, special processes are agreed in Individual Supply Chain Agreement concerning point and time of deliveries.

This applies for all terms of delivery and sourcing models, except for a VMI consignment process. In this case, Supplier complies with the upper and lower stock limits.

In case the Supplier is not able to meet the date in the Delivery Schedule, the Supplier will notify Vitesco Technologies without delay in writing. Faster or special transportation is to be arranged by Supplier, in the first place. Only in special cases and previously agreed with Vitesco Technologies, Vitesco Technologies may assist in organizing the set-up of a premium freight.

No matter which Party is organizing the premium freight the costs are charged according to cost-by-cause principle.

Deviations from the Delivery Schedule (partial deliveries, deliveries before the deadline or deviation quantities and additional deliveries) caused by the Supplier are carried out following prior agreement with the respective Vitesco Technologies' location.

Vitesco Technologies shall have no obligation to accept delivery in case of Contract Products manufactured delivered in advance, in excess of any Production Release/Material Release provided to Supplier in the Delivery Schedule. Any cost related to excess delivery will be charged to the Supplier.

#### 4.4.2 CUMULATIVE QUANTITY

Supplier uses cumulative quantities to monitor incoming delivery instructions (e.g. Delivery Schedule, call-off etc.) by Vitesco Technologies' location for their plausibility, feasibility and to determine increases or decreases within a certain period.

The cumulative quantity of goods received is processed in Vitesco Technologies' ERP-System and sent to Supplier via EDI messages.

The cumulative quantity of goods received is understood as the total quantity of Contract Products received and booked in Vitesco Technologies' ERP-System up to the date of transmission of the Delivery Schedule and starting with the first release of the Delivery Schedule - or a mutually agreed 'set-to-zero' date.

#### 4.5 LEAD-TIME, PRODUCTION AND MATERIAL RELEASE

Production releases are permanent purchase orders of finished goods or sub-assemblies. Material release expresses the obligation of Vitesco Technologies' location to absorb material costs in case of sudden cancellations.

Production and material release are agreed for every specific material group between Supplier and the respective Vitesco Technologies' location during the sourcing process.

Lead-time is defined as the time interval between the date when Vitesco Technologies places a first-time order by the Supplier and the date of receiving delivery by Vitesco Technologies.

For the capacity planning of a product, Supplier receives from Vitesco Technologies' Purchasing the YPSA with the annual volume, and from Vitesco Technologies' location the delivery schedules which are updated for a non-binding rolling forecast of at least 12 months.

In order to align the material flow with its requirements, Vitesco Technologies allows a frozen window (fixed horizon) of 2 weeks maximum in the rolling forecast, except for VMI component. In case of preparation/transportation time over two weeks, alignment case by case with the respective plants is required. Frozen window means that the quantity and delivery dates are fixed in the respective delivery schedule within the frozen window.

Delivery schedules or forecast information should be considered as accepted and approved by the Supplier unless a written objection is received by Vitesco Technologies within 2 working days after receipt by the Supplier. In case of objection, both Parties work together for a detailed recovery or action plan to avoid a shortage among the supply chain.

## Chapter 5: Supplier Selection Process

### 5.1 SOURCING PROCESS

The sourcing process is conducted by cross-functional teams and is linked to the qualification process to get the feasibility commitment from suppliers before final supplier(s) selection. The supplier selection process consists in the following steps:

**Step 1:** When new parts are to be sourced and potential suppliers are identified, Vitesco Technologies' Purchasing representative forwards the Request for Quotation (RFQ) to Supplier. With the RFQ, Supplier receives a package with different documents (e.g. quality requirements, contracts, supplier component review template etc.). Within this RFQ-Package, Supplier also receives this GSCA and Preferred Sourcing Model (PSM Contract). Supplier completes the forms as per Vitesco Technologies' request.

**Step 2:** Based on the feedback in the RFQ, Supplier is pre-selected for sourcing and negotiation starts.

**Step 3:** Vitesco Technologies initiates a supplier component review (SCR) with pre-selected suppliers. Within this meeting, the feedback of supplier in the "supplier component review template" is discussed.

**Step 4:** Based on the outcome of such SCR, the final suppliers are selected for sourcing.

**Step 5:** Final negotiations: Supply Chain weight and role in the sourcing process equals the roles of other functional departments Purchasing & Quality.

### 5.2 START OF SERIES PRODUCTION – SUPPLY CHAIN

For every new Contract Product, the delivery process is coordinated closely between Supplier and Vitesco Technologies' locations. The following topics are agreed between Supplier and Vitesco Technologies' location before the first delivery for serial production.

Those agreements include PSM, Packaging Concepts, MMOG/LE, Transport concepts and Definition of contacts. Required capacities for ramp-up are coordinated with the responsible supply chain contact for the specific part and ordering Vitesco Technologies' locations.

### 5.3 SUPPLIER COMPONENT REVIEW TEMPLATE – SUPPLY CHAIN PART

Supplier commits to fill in all applicable data and complete all required templates (e.g. Preferred Sourcing Model, packaging concepts, EDI directives, transport concepts, delivery terms, lead times, etc.). Within the SCR Meeting both Parties discuss open points.

### 5.4 LOGISTICS COST CALCULATION

For every new request for a new part number or upon request the Supplier provides a logistics costs break down using the template for 'Logistics Cost Break Down' for each possible delivery mode to the responsible purchasing contact at Vitesco Technologies. This form contains the assumptions for the quoted logistics service level according to the selected delivery term/INCOTERM and other potential supply chain services.

A complete example of how to fill out the template is included in template itself.

## Chapter 6: Supply Chain Management Evaluation

Vitesco Technologies evaluates the quality and Supply Chain Management performance of its suppliers on a monthly basis using standardized evaluation criteria. The results are incorporated in the annual evaluation of Strategic Suppliers to Vitesco Technologies called 'Basic Annual Supplier Evaluation' (BASE).

Within BASE, Strategic Suppliers' performance in the previous calendar year is evaluated with focus on purchasing, quality, Supply Chain Management and technology elements. BASE results influence sourcing decisions help to select suppliers, and supplier classification.

They are updated once a year and then shared for Strategic Suppliers in the SupplyOn Performance Monitor.

### 6.1 SUPPLIER EVALUATION MEASUREMENT

Vitesco Technologies' standardized evaluation criteria are as follows: The Delivery Performance, the degree of implementation of Preferred Sourcing Models (PSM Rate), feedback of the Self-Assessment MMOG/LE (if any) and a choice of service criteria. The target is to achieve 100% in each criterion. Each criterion is considered with a certain weight according to its importance when calculating the total result.

The Supply Chain Management performance is reported through the SupplyOn Performance Monitor to Supplier once per month.

If the Supply Chain Management performance fails to meet the committed goals, Supplier implements immediate corrective actions and provide a get-well plan upon request. The plan includes actions on how to solve and avoid these sorts of incidents in the future. Deviation in actual performance may result in corrective actions from Vitesco Technologies to bring Supplier's Supply Chain Management performance in line with expectations.

### 6.2 DELIVERY PERFORMANCE

The Delivery Performance criterion measures Supplier's ability to deliver the right quantity of Contract Products on the date specified in the Delivery Schedule. Concerning VMI, this criterion measures Supplier's ability to keep the stock level for Contract Products within the agreed min/max inventory limits.

Vitesco Technologies' calculation of delivery performance is standardized by its IT-System: every new entry in Vitesco Technologies' ERP System is instantly evaluated according to the date and the quantity requested. Then, each Vitesco Technologies location produce a monthly evaluation of Supplier's delivery performance.

#### a) Case of Customer Management Inventory

In comparison with the Ship-to-Stock model, a largest tolerance is allowed since Supplier receives information about stock levels via EDI. As a part of CMI consignment process, Vitesco Technologies manages the material planning in terms of restocking and the Supplier replenishes the Contract Products as indicated in the Delivery Schedule.

However, Supplier optimizes his delivery frequencies and delivers earlier or later as indicated in the Delivery Schedule since Supplier is well informed of the stock levels. But, for storage capacity reasons, Vitesco Technologies location limits this tolerance to reduce the number of working days. This is studied case by case.

#### b) Case of Vendor Managed Inventory

The Delivery Performance measures Supplier's compliance to keep the Contract Products stock within the agreed minimum and maximum inventory limits. Vitesco Technologies' IT-System calculates the min/max levels daily and checks the current stock for deviation with the agreed levels.

Stock levels within the defined limits get a rating of 100%, deviations from the defined min/max limits leads to a proportional deduction up to 0%.

### 6.3 PSM RATE

Vitesco Technologies' requests its Suppliers to deliver the Contract Product according to the Preferred Sourcing Model decided by the Vitesco Technologies' location and agreed in the respective Preferred Sourcing Model PSM Contract.

The PSM Rate is defined as the ratio of value for PSM compared to the total value. This considers the location, Contract Product and the Supplier level.

Supplier receives an evaluation according to the PSM Rate. If no PSM is implemented, the Supplier receives a zero evaluation for PSM Rate. The PSM Rate is calculated on a 12-month rolling forecast basis.

### 6.4 SERVICE CRITERIA

The term 'Service Criteria' describes a couple of predefined criteria that Vitesco Technologies uses to evaluate support and services of Supplier in day-to-day business.

Score for Relation with Plant is an appreciation from each individual Vitesco Technologies' location regarding general collaboration.

Scores for Packaging, Identification, Delivery Documents and Delivery Criteria are based on Supply Chain Incidents.

Additional detailed information on Supply Chain Management incidents for each Service Criterion can be found below:

**Packaging:** Damaged Packaging-Transport Damage, Contaminated Packaging, Packaging not according to specification, Packaging with mix load.

**Identification:** Missing Label, Label not readable, Label not according to specification, Missing ASN, ASN not according to specification, Incorrect Material, Incorrect Quantity, Label not at correct position.

**Delivery Documents:** Missing delivery documents, Delivery documents not according to specification.

**Delivery:** Non-compliance of delivery instructions, Incorrect order code, Incorrect date code, Shelf-life exceeded, Material shortages.

Score for each Service Criterion is 100% by default. One Supply Chain Management incident or more leads to a decreasing of rating in the corresponding Service Criterion at the affected Vitesco Technologies' location for the current month.

### 6.5 SELF-ASSESSMENT (MMOG/LE NP) OF SUPPLY CHAIN MANAGEMENT PROCESSES

Vitesco Technologies' requests its suppliers to evaluate their supply chain processes based on the MMOG/LE NP standard and to provide the results back to Vitesco Technologies. In order to communicate the full English version of the questionnaire to Vitesco Technologies, Supplier has access to the MMOG/LE NP.

In case Supplier does not submit the MMOG/LE NP, it understands and accepts a penalty deduction in the supplier evaluation.

According to the result of the MMOG/LE NP (A-, B- or C-level), Supplier gets a fixed score based on the quality of the gap analysis following the MMOG/LE NP expectations.

Moreover, Supplier understands that the self-assessment is used to improve the cooperation between both parties.

### 6.6 SUPPLIER EVALUATION REPORTING

Vitesco Technologies uses the SupplyOn Performance Monitor (PerMo) to communicate the results of the monthly (Supply Chain Management and Quality) and yearly (BASE) evaluation to its Suppliers.

Vitesco Technologies' IT-System continuously processes the data for delivery performance, PSM-Rate, services criteria and MMOG/LE NP score.

However, data to SupplyOn Performance Monitor is only transmitted once a month and up to the last 12 months. The monthly supplier Supply Chain Management evaluation (designated in SupplyOn PerMo as Operational Evaluation Supply Chain Management) is available each 8<sup>th</sup> working day of the month at 0:00h (CET, German calendar).

## 6.7 SUPPLYON PERFORMANCE MONITOR

Within the SupplyOn Performance Monitor application, a manual is available which describes how to read the evaluated criteria. Suppliers can download this information with a click on the phrase “Help for customer evaluation system”. For details on how to work with the SupplyOn PerMo, please contact “SupplyOn. Details” on the SupplyOn Performance Monitor and further instructions are available with SupplyOn Customer Service if needed.

With SupplyOn Performance Monitor, the results for the Supply Chain Management performance are available on a consolidated level for Vitesco Technologies (as a whole), on vendor level, location level and part level for the previous twelve months (rolling history). It starts at a global level and can be further filtered down to location level and then to the previous 12 months if needed.

## Chapter 7: Risk Management

Vitesco Technologies has a process in which business partners consult each other with the aim to detect and avoid supply constraints at an early stage. This process is conducted in addition to general processes (e.g. YPSA) for selected suppliers. The planned annual volume for delivery per item / parts family is defined and mutually agreed upon in Individual Purchasing Agreements by and between Vitesco Technologies' Purchasing Department and Supplier.

Supplier has risk management processes in order to ensure deliveries even in abnormal situations. Those processes support identifying, analyzing and taking steps to eliminate and prevent possible bottlenecks in logistics processes (e.g. escalation path) or contingency planning.

In case of foreseeable or effective material shortage, Supplier informs the respective Purchasing and Supply chain Department and suggests countermeasures without undue delay. In the event a Material Shortage affects more than one plant, the material shortage is referred to as an allocation.

Consequently, the nominated global allocation manager determines the quantities of Contract Product which are delivered to each plant.

Moreover, Supplier installs a worldwide responsible coordinator who is the interface of the global allocation manager to coordinate the distribution of available Contract Products.

## Chapter 8: Customs, Transportation and Packaging

Additional detailed information concerning Delivery Terms, Labeling of Contract Products, Packaging, Dispatch and Transportation and comprehensive explanation about Customs/Foreign Trade/Security Handling can be found in the Vitesco Technologies Technical Standard Norm available for download on the [Supplier Home Page](#).

### 8.1 DELIVERY TERMS

Vitesco Technologies' Purchasing Department and Supplier agree on the terms of delivery in the Yearly Pricing Agreement (YPSA). Preferred delivery terms are DDP, DAP, Vitesco Technologies-DAP and Vitesco Technologies-DDP and are described in the corresponding TST "Vitesco Technologies Trade Term". Delivery terms (Incoterms) will be handled exclusively in accordance with the ICC 2020 Incoterms or its current valid version

### 8.2 LABELING OF CONTRACT PRODUCTS

The corresponding TST "Vitesco Technologies' Requirement of Marking Goods" describes the requirements concerning which label format is preferred and accepted by Vitesco Technologies, the positioning of labels on the smallest packaging unit and how to fix labels.

### 8.3 PACKAGING, DISPATCH AND TRANSPORTATION

Definition, process, and requirements to Packaging are specified in TST "Vitesco Technologies' Packaging Requirements".

These packaging specifications describe general packaging requirements, processes and Vitesco Technologies' packaging standards (standard types for expendables and returnables etc.) and specific packaging requirements (e.g. IPPC, ESD, corrosions prevention, humidity control, REACH/ SVHC etc.) In addition, the TST describes procedures for definition of packaging concepts and specification.

### 8.4 CUSTOMS, FOREIGN TRADE AND SECURITY HANDLING

The requirements to Customs, Foreign Trade and Security Handling are specified in TST "Vitesco Technologies' Trade Term".

In case of deliveries inside the EU, the Supplier will complete the form "Long Term Supplier's Declaration, according to the EC regulation 1207/2001" prepared by Vitesco Technologies. A legal binding declaration of the origin and preferential status of goods is required by customs regulations.

All the requested forms are returned within a period of 14 days. Compliance to this requirement is essential to avoid reminders.

The supplier will notify Vitesco Technologies in written form on any changes in declarations already submitted.

The deliveries to Vitesco Technologies' locations in countries with preferential agreements like the agreements with EU, within NAFTA need to be shipped together with properly completed and confirmed Preferential Movement Certificates.

The Supplier attaches the shipping order, the delivery notes, the first invoice as well as commercial invoice to the shipments

## Frequently used Definitions and Abbreviations

ASN	Advanced Shipping Note
BASE	Basic Annual Supplier Evaluation
CMI	Customer Managed Inventory
CSV	Character Separated Values data format
DELFOR01	A DELFOR message is an electronic planning schedule sent from the customer to the supplier.
DELFORP	Delivery Forecast Planned Delivery
DELINS	Scheduling Agreement Lines
EDI	Electronic Data Interchange
EDIFACT	International EDI standard (Electronic Data Interchange for Administration, Commerce, and Transport)
ERP	Enterprise Resource Planning
GSCA	General Supply Chain Agreement
INVRPT	Inventory Report
MMOG/LE	Materials Management Operations Guideline / Logistics Evaluation
MPR	Material Production Release
PSM	Preferred Sourcing Model
JIT	Just in Time
PerMo	SupplyOn Performance Monitor
RFQ	Request for Quotation
SBI	Self-Billing Invoices
SC Monitor	Supply Chain Monitor is a web-based monitoring system of the current supply situation.
SCR	Supplier Component Review
SupplyOn	Electronic Marketplace for Automotive Suppliers
TST	Vitesco Technologies' Technical Standards norms
VDA	Verband der Automobilindustrie (German Association of the Automotive Industry)
VMI	Vendor Managed Inventory
VT	Vitesco Technologies
WEB EDI	Web based Electronic Data Interchange
YPSA	Yearly Pricing and Supply Agreement*

The signature of this document is a pre-requisite for any new supplier introduction or new business attribution.

Place:  
Date:  
Vitesco Technologies

Place:  
Date:  
[Supplier legal entity (Headquarter)]

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