

# Supply Chain Management Standards

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Valid for Suppliers of all sites of the Webasto Roof Systems Inc. Americas

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# 1 General Conditions

## 1.1 Webasto Group SE

Webasto is world-wide active as module supplier for nameable automotive manufacturer.

Due to the high quality requirements and high variance of materials the active control of material flow is indispensable in consideration of decreasing the costs of transport and capital tie-up. This leads to the greatest possible reduction of material stock at all Webasto plants.

It has to be ensured at all times that all required materials are available at the right time in the right quantity and quality at the right location.

Webasto can only meet these requirements in close cooperation with its suppliers. Therefore, Webasto needs trustworthy and competent business partners which are also willing to implement and achieve these goals.

## 1.2 Target of the Supply Chain Management Standards

The main target of the supply agreement (contract) is the demand and consumption-oriented, as well as timely delivery of all requested parts and materials, to Webasto. The aim of the close cooperation with the suppliers is to reach an optimum supply chain, a stock optimisation and to minimize the risks for Webasto and its business partners.

This supply chain manual is presenting the general requirements concerning supply chain management of all Webasto plants for its suppliers, and it is also part of the delivery contracts between Webasto and its suppliers.

## 1.3 WebastoProductionSystem (WPS)

The SCM strategy of Webasto is based on the WebastoProductionSystem (WPS).

The targets of the WPS are: highest production quality and best delivery service at lowest cost. This is ensuring the flawless production, the efficient material flow and therefore the economic success of Webasto. The logistic value chain is designed based on Lean and Just-in-time principles; therefore, only the products, raw materials and production materials that are immediately needed will be transported.

This represents a challenge for the production facilities and the suppliers, as the purchased parts must be delivered with a minimum frequency of once a day.

## **1.4 Scope of Application**

Generally, this manual is valid for all suppliers and refers to all Webasto plants. Based on the rules established in this manual, each Webasto plant is defining its own specific regulations. These plant specific requirements are complementing the present manual.

## **1.5 Continuous Improvement Process**

Webasto and its suppliers are working together on the optimisation of the logistics concept. In particular, are considered the adjustment of delivery frequencies, requested volumes, packing units and its contents. Any of these changes will be implemented with the goal of a sustainable improvement in the supply chain. The implementation has to be at least cost neutral.

## **1.6 Delivery Agreement**

Basis for deliveries are the specific delivery terms agreed with the respective plant of Webasto.

## **1.7 Review of Implementation**

The rules defined by this manual have to be implemented so that the compliance may be checked at the suppliers site at any time by Webasto employees.

## **1.8 Availability, Contact Person**

The supplier has to name its responsible persons for Logistics to the corresponding Webasto plant (contact person, substitute, supervisor each with e-mail, phone and fax number).

The contact persons named by the supplier must be available at any time. Outside normal working hours the availability of a qualified emergency contact must be ensured.

## **1.9 Obligation to Inform**

Suppliers must perform no independent changes to logistics processes concerning Webasto. In case of business necessity, the supplier has to inform Webasto prior to the implementation.

The change may only be performed if a written authorization has been given to the supplier by the logistics management of the respective Webasto plant.

## 2 Ordering Procedure / Control of Delivery

Webasto uses the methods described below for order management, call-off and control of delivery. The supplier ensures the availability of appropriate expertise, qualified personnel and technical facilities.

Every new call-off replaces the previous one. All dates communicated within the forecast or delivery schedule are expected delivery dates (arrival date at the Webasto plant) within the usual business hours of goods receipt department of the particular Webasto plant. In case of pickup by Webasto the supplier has to provide the material in time according to the individual agreement.

If the supplier is not able to comply with a call-off they have to immediately inform the responsible Supply Chain Coordinator at Webasto, within maximum 48 hours, if not otherwise stated in the contract with the corresponding Webasto plant. Reasons and an alternative delivery planning have to be stated.

The detailed methods and procedures are plant-specific defined and may change during the product life cycle.

### 2.1 Forecast Delivery Schedule

In order to ensure proper procurement of materials, to provide production capacities and to make an optimal production planning, the supplier receives at least once per week a forecast delivery schedule, if there are any changes of demands compared to the previous delivery schedules.

### 2.2 JIT Delivery Schedule / Kanban Delivery Schedule

The fine tuning of the schedule, for some specific products based on bilateral agreement, serves to short-term and demand-driven control of the delivery quantity, and is binding. In short-term period the JIT and Kanban Delivery Schedules overwrite the quantities requested by the Forecast Delivery Schedule.

In case of a JIT Delivery Schedule at least a daily order will be sent with defined quantities requested at specified dates.

A Kanban Delivery Schedule is a consumption-driven order of a fixed quantity which is corresponding to an agreed container quantity or a multiple of it. The particular Kanban is called off with a given Kanban number and has to be delivered accordingly. The definition of the Kanbans in circulation is done by Webasto.

### **2.3 Vendor Managed Inventory (VMI)**

The supplier is responsible for the size of stock of its products at Webasto. Webasto and the supplier define together the Min- and Max- inventory according to the requirements, if agreed at the beginning of the business relationship between the Webasto plant with the respective supplier. The supplier commits to review at least once a day the stock situation.

### **2.4 Consignment**

After physical receipt and quality check by Webasto the consignment goods remain property of the supplier independent from the type of call-off. Webasto does the inventory management following the merchant's due diligence.

Transfer of ownership takes place at the moment of withdrawal from consignment stock. Thereby results also release for invoicing.

### **2.5 Single Order**

The supplier receives a single order with a scheduled material requirement and the agreed unit price. In case of any deviation from this schedule the supplier is obliged to immediately inform the corresponding Webasto buyer.

If the conditions specified in the single order are not accepted, the supplier must immediately object, in writing, towards the corresponding purchasing department from Webasto.

### **3 Information exchange / Electronic data transfer**

Generally, the exchange of information between Webasto, its suppliers and logistics providers is made electronically. Particularly all type of orders and delivery documents as well as inventory information is to be sent by this way.

Thereby the EDI standard format has to be used which is currently valid for the receiving Webasto site.

There are two types of electronic information transfer: classic EDI and WebEDI.

#### **3.1 EDI**

The IT requirements and formats must be agreed with the ordering Webasto plant.

#### **3.2 Web EDI**

Webasto uses SupplyOn as provider for WebEDI solutions. If the supplier does not have a classic EDI connection, they are obligated to handle the data exchange via SupplyOn. For that purpose, the supplier has to make a contract directly with SupplyOn.

### **4 Transport / Delivery Conditions**

All agreements concerning transport and other delivery related aspects, as pick-up location, pick-up times and delivery times are to be determined together with the SCM department of the ordering Webasto plant. Any changes by supplier require approval from Webasto.

Regardless of holiday-related closures or similar, the agreed pick-up and delivery times have to be respected.



#### 4.1 FCA

The delivery terms FCA means Free Carrier (...named location).

The supplier must deliver the goods, cleared for delivery, to the carrier nominated by Webasto at the named place. The supplier is responsible to place the goods at the carrier's disposal in the right time (the time has been set up in advance together with the respective Webasto plant) and is also responsible for the proper loading of the goods in the carrier's vehicle as well unloading of empties.

#### 4.2 DAP

The delivery terms DAP means Delivered at Place, duty unpaid (...named place of destination).

The supplier is responsible for the delivery of the goods to the location named by Webasto as well as for the return delivery of empties. They have to ensure that the goods are placed at disposal at the agreed time at the named delivery destination, and must collect the empties.

It can only be delivered during the working hours of the place of destination.

The respective Webasto plant may specify fix delivery time-windows for the supplier.

The driver has the responsibility to inform themselves about the plant specific rules and to respect them.

#### 4.3 FOB

The delivery terms FOB means Free on Board (...named port of shipment).

The supplier must load the goods on board the vessel nominated by Webasto. Transfer of costs and risk is taking place when the goods are actually on board of the vessel. The supplier must clear the goods for export. This delivery term is applicable for maritime and inland waterway transport only, but **NOT** for multi-modal sea transport in containers. Webasto informs the supplier about the details of the vessel and the port where the goods are to be loaded as well as the use of a preferred carrier or forwarder.

## 5 Delivery Documents / Identification

The supplier is responsible that the shipment all legally required documents are accompanying the shipment, as well as all documents mentioned below.

### 5.1 Delivery Note / Document

Each shipment must be accompanied by a delivery note. The delivery note contains the following information:

- Consignor (name and vendor number)
- Consignee
- Webasto material number and description
- Quantity and unit of quantity
- Packaging number and description (container, pallet, cover, inner packaging) per delivered item
- Gross weight
- Order number
- Delivery note number
- Kanban-number (if relevant)
- Reference to the agreed INCOTERMS

### 5.2 Import Documents

The supplier has to provide in time all necessary import documentation, according to the legal requirements of the importing destination country.

In case of an import into the EU, the delivery documents must be valid for EU customs clearance.

When importing the goods into a non-EU country the delivery must be accompanied by the legal required documents (according to the state law).

In any case the delivery must be accompanied by the following, when clearing goods for customs:

- Commercial invoice or proforma invoice
  - Customs value and commercial value is mandatory to be the same
  - Customs tariff number is mandatory to be indicated on the invoice
- In case of preferential origin of the delivered goods, a valid proof of preferential origin (EUR 1, Declaration of origin etc.)

### **5.3 Material Labeling**

Each storage unit, each container and each individual package must be identified by attaching the currently valid label. The standard labels to be used are defined by the appropriate Webasto plant.

### **5.4 ASN**

All data of the delivery document must be transmitted immediately on dispatch via EDI / WebEDI by the supplier.

The delivery date input into the ASN must be the estimated date of arrival at the Webasto plant.

The information related to EDI / WebEDI is relevant for all Webasto plants using EDI connection via SAP or any other ERP that supports EDI.

The IT requirements and formats must be agreed with the ordering Webasto plant.

### **5.5 Special Identification of Prototypes, Pre-series Materials and Initial Sample**

Prototypes, pre-series materials and initial samples must be identified according to the QW1, both on the goods and in the shipping documents.

### **5.6 Deviation Approval / Special Releases**

Deviation /Special releases have to be noted on the delivery note and a copy must be attached to the goods, respectively to each container. This rule also applies to the use of emergency and alternative packaging.

In this case, also plant specific requirements must be taken into consideration, where applicable.

## 6 Packaging

The packaging must be designed in accordance with the Webasto Production System (WPS) and the environmental principles of Webasto and must also meet the Webasto brand image.

### 6.1 Packaging Planning

The Webasto logistics planning defines the packaging / containers and the quantity that should be packed within. The supplier has to participate actively in the development of special packaging (eg. racks, returnable inlays).

The supplier is also responsible for the further protection of parts, according to the QW1 requirements.

The supplier confirms that the approved packaging meets the requirements of parts protection by signing the Packaging Data Sheet. Only the packaging approved by both parties is to be used. The approved packaging must also be used for the initial samples.

If an alternative packaging is not provided in the Packaging Data Sheet, it has to be proposed by supplier during the initial sampling process, before the delivery is being made, and must be documented within a new Packaging Data Sheet.

It is the responsibility of the supplier to maintain a minimum of three days of expendable emergency packaging.

### 6.2 Packaging Requirements

The following requirements must be considered when defining the packaging:

If a handling unit is composed of more containers, these must be packed on standard pallets and covered with the appropriate loading unit cover. The outer dimensions of the pallets must not be exceeded.

- Transportation security must be ensured
- When loading and positioning the handling units in the vehicle, the legal regulations and norms applicable to load securing and road safety are to be considered.
- Stackability of the handling units up to height of 102 inches is to be ensured.

In case of one-way packaging should be used exclusively recyclable materials.

Deviations from these rules may be made only if previously agreed with the relevant Webasto plant and must be described in the Packaging Data Sheet (PDS).

### 6.3 Procurement and Ownership

- Generally, Webasto provides the returnable containers (if not otherwise stated in the contract between the corresponding Webasto plant and the supplier).  
There will be no container provided for shipments that are not directly sent to a Webasto plant.
- Webasto will only provide containers for transport purposes between the last delivery plant of the supplier and the receiving facility of Webasto.
- In case of new or replacement packaging is required, Webasto reserves the right to allocate costs based on the responsible party (Webasto or Supplier).
- The empty containers are not allowed to be used for other purposes, such as:
  - the internal production at the supplier
  - the interim storage of semi-finished products
  - storing a quantity of goods higher than the one requested by Webasto's scheduling agreement at the supplier
  - deliveries to the supplier's subcontractors
- The necessary container requirement will be calculated by logistics planning of the receiving Webasto plant for each supplying facility using the Webasto standard Float Calculation form

### 6.4 Maintenance and Cleaning of Packaging

- Depending on the quality requirements that are valid for the specific raw material, the cleaning of the containers must be performed, if required, by the supplier.
- The supplier has to ensure that with the exception of the currently requested labelling, no other label and / or label residue is on the container.
- Containers that cannot be used anymore must be reported to the corresponding Webasto plant.
- The supplier is responsible for the proper storage of the empties. In particular, this includes the protection against weather conditions that could cause damages.
- In case of loss or damage of containers by the supplier, they have to bear the cost of replacement or repairs.

## 6.5 Handling of Empties

- The supplier is responsible for ensuring that there are enough empty containers available for the delivery. If necessary, they must request Webasto or its service providers an adequate quantity of empties, and / or, after prior approval by Webasto, they are allowed to deliver the goods in the appropriate alternative packaging.
- The balance reconciliation of the inventory accounts of the empties will be made regularly, per Webasto receiving plant. The balance sheet provided by Webasto is considered to be accepted by the supplier if they do not contradict it in writing, within one week from receiving it.
- If requested by Webasto, the supplier shall perform a stock counting of the available containers.

## 7 Transport

Webasto is working with different delivery concepts, each one having its corresponding requirements especially concerning the time frame for preparation and delivery of goods.

The supplier has to ensure their compliance with these requirements.

If the supplier does not meet these requirements, they must transport the goods and the corresponding empties at their own expense.

### 7.1 Milkrun

Milkruns are organized by Webasto. Deliveries and collections are based on a fixed schedule. The defined time frame for the preparation of goods for delivery as well as for the loading and unloading of trucks must be respected. The truck driver is obliged to respect the timetable, and must depart after expiration of the corresponding time slot.

### 7.2 Direct transport

Direct transport is a direct transport between supplier and Webasto plant, or vice versa organized generally by Webasto. Arrival and departure times are agreed between Webasto and supplier.

If transport is organized by supplier (ex. Webasto Japan) all details regarding pick up, departure and arrival must be agreed between supplier and the corresponding Webasto plant.

### 7.3 Groupage / Parcel Service

In case of groupage / parcel service Webasto defines plant specific service providers. The supplier shall ensure that the goods are reaching the destination at the agreed time, by making a timely notification / delivery.

#### **7.4 Delivery by Supplier**

When the delivery is organized by the supplier, the time slots for delivery at the Webasto plant must be agreed prior to delivery and have to be respected.

The driver must comply with the plant specific rules.

The driver shall have sufficient language knowledge to be able to communicate with the corresponding contact persons in the Webasto plant.

#### **7.5 Special/Expedite Transports**

Special transports are considered as deviations from the standard procedure and must be always agreed in advance between the supplier and the respective Webasto receiving plant. The costs are to be borne by the respective causer.

### **8 Emergency Concept**

(Following the international quality standards IATF 16949:2016)

In case the timely delivery to a Webasto plant is at risk, this must be immediately highlighted to the respective Webasto logistic contact person accompanied by a corresponding action plan. This is not changing the obligation of the supplier to deliver on time.

The supplier commits to create an emergency concept which considers at least the situations mentioned below:

- Outages in the procurement of raw material
- Breakdown of power supply
- Breakdown of IT systems
- Exceeding of capacity or capacity constraints
- Disruption of the production process
- Outages in deliveries to Webasto

The emergency concept as well as the derived emergency checklist have to be presented to Webasto upon request.

The supplier is ensuring that each supplied Webasto plant is being provided with a constantly updated list of contact persons. See also section 1.8.

## 9 Change Management

The process of material introduction and material phase-out is managed exclusively by the Supply Chain Coordination of the respective Webasto plant.

## 10 Consequences of Deviations from the Previous Mentioned Rules

To ensure the efficiency of our supply chain and, in particular, the delivery capacity towards the customers, we have to consider the delivery capacity of our suppliers. Therefore, Webasto monitors supplier compliance/delivery performance. For example:

- The compliance with the agreed quantities and the agreed delivery dates (Delivery reliability)
- The compliance with the agreed packaging and labelling
- The compliance with the agreed documentation (product and delivery documentation) and the correct electronic transmission of delivery data (ASN)

Deviations from these agreements lead to disturbances in the process of goods receiving and in production, and have also a possible impact on Webasto's ability of delivery; this leads again to process disturbances at our customers.

In case of deviations, Webasto issues a logistics complaint and the resulting costs will be invoiced to the causer. The Webasto General Purchasing Terms and Conditions remain unaffected.

### 10.1 Logistics Complaints and Supplier Rating

The evaluation of the suppliers regarding their logistic performance is made based on the logistics complaints. These "L" notifications are event-driven and are issued in case of deviations from the previously named requirements.

The logistics complaint will be issued by the logistics department of each Webasto plant.



## 10.2 Weighting of Logistics Complaints

In each individual case when a logistics complaint is being issued, the consequences of the suppliers' non-compliance has to be evaluated. Thereby the following different types of disturbances are going to be distinguished:

- Disturbance in goods receipt
- Disturbance in production
- Disturbance in delivering to customer

The following error types are being considered:

- Wrong delivery
- Packaging is not according specification
- Damaged packaging
- Container labelling is not according specification
- Container labelling is missing
- Barcode is unreadable
- Delivery document is not according specification
- Quantity – Under delivery
- Quantity – Over delivery
- Delivery date – too early
- Delivery date - too late
- ASN – not according specification
- JIS error

-Disturbances in goods receipt lead to disruptions in the material flow, overtime, extension of the lead-time and in the end to higher costs. These will be rated with factor 1.

-Disturbances in production lead to risks in the delivery process to customer. These will be rated with factor 2.

-Disturbances in delivering to Webasto customers may lead to serious consequences, such as line stoppage at customer or lowering the supplier rating of Webasto at the customer. These will be rated with factor 3.

Based on the number of logistics complaints and the rating of the consequences, there will be calculated a monthly score.

Examples:

- If there are two errors that lead exclusively to disturbances in the goods receipt process, the supplier receives 2 penalty points.
- With an error that leads to disturbances in the production process, the supplier receives also 2 penalty points.

If the error leads to disturbances in delivering to customer, the supplier receives 3 penalty points.

### 10.3 Suppliers Escalation Process

A supplier will be subject to Webasto's escalation procedures in the following situations:

- The sum of the points resulting from the logistics complaints within a month time equals or is higher than 3.
- The supplier violates repeatedly the requirements (repetitive error)
- The supplier does not respond to a logistics complaint

The effects of the previously described evaluation process result from the escalation model of Webasto which is presented on <https://startsuppliers.webasto.com>.

## 11 List of Abbreviations

ASN	Advanced Shipping Notification
DAP	Delivered At Place (...named location)
EDI	Electronic Data Interchange
FCA	Free Carrier (...named location)
FOB	Free on Board
IATF	International Automotive Task Force
JIT	Just in Time
JIS	Just in Sequence
PDS	Packaging Data Sheet
QW1	Quality agreement Webasto
SCM	Supply Chain Management
VDA	Verband der Automobilindustrie (Association of the Automotive Industry)
VMI	Vendor Managed Inventory
WebEDI	EDI via Internet, Information is displayed or entered via an Internet browser.
WPS	Webasto Production System