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AUTOMOTIVE



CLIPPED SOLUTIONS



SAFETY MECHANICAL COMPONENTS



THREADED FASTENERS

LISI AUTOMOTIVE SUPPLIER LOGISTICS MANUAL

VERSION 1



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Note: The last version of this manual is available on the LISI AUTOMOTIVE Portal.
<https://www.lisi-automotive.com/>



II. Introduction, scope and links

2.1. Introduction

This SUPPLIER LOGISTICS MANUAL aims to define the guidelines and principles governing the Supply Chain between LISI AUTOMOTIVE and its Suppliers.

Our daily challenge is to satisfy our customers' high expectations and needs, specifically in delivering Quality and Reliability in our supplies.

We operate in the extremely demanding automotive market and our Suppliers, fully integrated in our Industrial System, play an essential role in our success.

Our target is to set up fair, transparent, collaborative but demanding working relations with our Suppliers, and thus to expect from them a robust, reliable and agile Supply Chain.

Our Suppliers shall be engaged in a continuous improvement process, based on "LEAN Manufacturing" along with appropriate performance indicators and subsequent action plans (PDCA / DMAIC) to target excellence.

Digitalization of administrative processes shall be spread across all the organization to reduce costs and improve reliability and agility.

Last, but not least, LISI AUTOMOTIVE is fully committed to a CSR Policy (Corporate Social Responsibility), shared and applied by all his Suppliers.

As partners, our Suppliers will be key players in consolidating the robustness of our global Supply Chain processes and together we will build the way to common success.

2.2 Logistics Principles

This manual promotes good business relations between LISI AUTOMOTIVE and its Suppliers.

It defines standards and processes from start to end of production, i.e. quotation, serial production, phase out and service parts.

It is based on simple but reliable concepts:

- Customer order driven manufacturing
- On time delivery
- Smooth & levelled production & supply
- Anticipation & early information
- Standardized logistics processes & information systems
- Standardized product identification & labelling
- Electronic Data Interchanges
- Advance Shipping Notification



2.3. Scope of Application & related documents

The present Manual is valid for raw materials, components, tooling and sub-contractors for all stages of the product life cycle to all locations of LISI AUTOMOTIVE Group worldwide. The Manual is valid globally and can be further specified using regional and/or site-specific directives.

Additional related documents such as Supplier instructions, guidelines, forms... may be appended, including but not limited:

- Logistics agreements
- Consignment stock contracts
- Advanced stock contracts
- Packaging agreements (Packaging Data Sheets)
- Transport and Information Data Sheet
- Contact Data Sheet
- Supplier EDI Parameter Sheet
- Any local / site specific logistics specifications.

The Manual contains LISI AUTOMOTIVE's basic logistics requirements. Any exceptions other than in the PO, to any of the terms and/or requirements contained in this Manual must be approved in writing by LISI AUTOMOTIVE.

2.4. Supplier Logistics Agreement

A Supplier Logistics Agreement can be completed at LISI AUTOMOTIVE's request when necessary to define specific logistics requirements between a specific Supplier site and a specific LISI AUTOMOTIVE site.

This document may include different parts based on the Odette / AIAG automotive recommendation GMMLA (Global Materials Management Logistics Agreement).

Pascal RONOT
Purchasing Director

Eric FERNANDEZ
VP Industrial Performance &
Management System



III. Information Flow Management

3.1. Capacity Planning

3.1.1. Capacity Management Introduction

The target of this validation process relating to Suppliers production capacity is to secure the ramp-up and to insure serial production in LISI AUTOMOTIVE plants.

Supplier capacity confirmation shall be provided initially with the quote and following on demand and shall reflect the available daily capacity on a part number of basis and the Supplier's operating plan (hours/day, days/week).

The overall obligation of Suppliers is to ensure on-time and in full deliveries to LISI AUTOMOTIVE.

This requires Suppliers to compare regularly LISI AUTOMOTIVE requirements with its available capacity on short, medium and long term.

Any possible ramp-up curves during the year need to be considered, including new products. In the case of phase-out parts, the rules are defined in paragraph 3.9.

In case Supplier detects any inconsistency in forecast or delivery schedule from LISI AUTOMOTIVE, Supplier must contact LISI AUTOMOTIVE Supply Chain Department and Purchasing Department within 48 hours.

In case Supplier has any capacity constraints or shortage, Supplier shall advise with transparency the LISI AUTOMOTIVE Supply Chain Department and the LISI AUTOMOTIVE Purchasing Department. The Supplier has to submit a catch-up plan before any delay occurs and to ensure the expected supply.

LISI AUTOMOTIVE reserves the right to audit the Supplier capacities on site at any time.

On LISI AUTOMOTIVE request, the Supplier has to present its working shift schedule (1x8, 2x8, 3x8, 5x8) with transparency, together with its usage rates in the "Run & Rate" form available on LISI AUTOMOTIVE information system:

<https://www.lisi-automotive.com/>

3.1.2. Long term - Resource Planning

LISI AUTOMOTIVE requires its Suppliers to check their capacity every year, based on documents supplied by LISI AUTOMOTIVE:

- a) Either the strategic plan over a 24-month horizon formalized on a monthly scale (information updated and broadcasted 3 times a year),
- b) Or forecasts supplied by plants and/or the Purchasing Department.

This vision includes seasonality in LISI AUTOMOTIVE's demand.

If the capacity to be reserved is based on an annual unit quantity forecast, Supplier has to take into account the seasonality and/or batch size negotiated with LISI AUTOMOTIVE.



Critical resource's Suppliers (Heat treatment, Surface treatment, Raw Material...) shall inform LISI AUTOMOTIVE 6 months before any closure (maintenance...).

3.1.3. Medium term - Rough-Cut Capacity Planning

In a « medium term » vision, the Supplier's capacity could be checked weekly, using a rough-cut capacity plan over a 16-weeks horizon, based on:

- a) LISI AUTOMOTIVE's Rough-Cut Capacity Planning for subcontractors.
- b) LISI AUTOMOTIVE's demand (forecast and orders)

3.1.4. Short term - Capacity requirements planning

In a short-term vision, the Supplier shall secure capacity based on delivery schedules requests or orders from LISI AUTOMOTIVE.

3.2 Flexibility Rules

The overall obligation of LISI AUTOMOTIVE's Suppliers is to secure the deliveries of LISI AUTOMOTIVE.

Specific flexibility rules can be negotiated with the Purchasing Department and Supply Chain Department in case of specific expectations.

LISI AUTOMOTIVE requests delivery flexibility on volumes from Suppliers, which, after the firm period, may vary as much as +/-20% per Period (1 month in full weeks).

Anyway, whatever the variation, Suppliers shall ensure the delivery to LISI AUTOMOTIVE.

If Supplier objects to the variation, negotiations will begin between LISI AUTOMOTIVE and Supplier on a good faith basis in order to find the best compromise with the ultimate aim of satisfying in full the end customer's demand.

If Supplier does not officially object to the variation within 48 hours for firm orders and 72 hours for planned orders, they shall be deemed accepted without reserve.

Order quantity (batch size) can be adjusted according with the end customer's demand.

3.3. Order Management, Scheduling, Call-Off, Production Control

The overall obligation of LISI AUTOMOTIVE's Suppliers is to secure the deliveries of LISI AUTOMOTIVE.

3.3.1. Order Management

Supplier could communicate each item parameters relevant for LISI AUTOMOTIVE MPS, MRP or scheduling, as: Order quantity, minimum order quantity, order quantity multiple, lead times. Those parameters shall be approved by LISI AUTOMOTIVE.



If these parameters are not defined in a logistics agreement or a purchase contract, LISI AUTOMOTIVE expects a subcontractor's lead time, from merchandise receipt to shipment, of less than 5 days. (heat treatment, surface treatment...)

The Supplier is committed to deliver the requested quantity expressed in the Firm Delivery Orders.

The Supplier promises not to deliver future quantities in advance (except in certain consignment contracts) and to follow the schedule.

Supplier must acknowledge the order reception, delivery date, place, quantity and price as soon as possible within 48 hours for firm orders and 72 hours for planned orders. Without any answer, the order is deemed to be accepted.

3.3.2. Subcontractors scheduling

Firm orders are released on merchandise shipment to the subcontractors.

However, LISI AUTOMOTIVE can, in addition, produce delivery schedule for critical subcontractors.

3.3.3. Production Control

LISI AUTOMOTIVE can measure Supplier output and compare it with the capacity plan to check demonstrated capacity.

If necessary, Supplier shall take corrective action to get back to the capacity plan.

3.4 Communication, Escalation

The language to be used for all forms of communication, including corporate and day-to-day operations is the local language of the LISI AUTOMOTIVE plant or English language if necessary.

In order to ensure the continuity of supply of goods in the event of high risk to not deliver requested parts, LISI AUTOMOTIVE requires each Supplier to have a crisis management system which consists of an early warning system.

If interruptions occur within the process chain at Supplier or its sub-suppliers that could jeopardize the deadlines planned by LISI AUTOMOTIVE plants, Supplier is required to inform the LISI AUTOMOTIVE contact immediately as detailed in the spreadsheet here below. Furthermore, an appropriate contact must be named for this emergency situation and must be available at all times.

Furthermore, you are requested to have a procedure and/or work instruction in place to immediately notify LISI AUTOMOTIVE contact and respond to any situation that could negatively impact our operations. This process should include a) on what it will communicate; b) when to communicate; c) with whom to communicate; d) how to communicate; e) who communicates.

ESCALATION PROCESS LISI AUTOMOTIVE CONTACT LIST

Type of Issue	LISI AUTOMOTIVE Contact	Comments
Notify wrong Purchasing conditions	Purchasing Department	
Notify site Transfer	Purchasing Department	
Notify irrelevant EDI / Web EDI data	Plant Supply-Chain	
Notify irrelevant schedule	Plant Supply-Chain	
Notify that the Supplier' industrial structural capacities cannot meet the LISI AUTOMOTIVE demand (forecast / firm orders)	Plant Supply-Chain and Purchasing Department	
Notify forecast Delivery Order superior to Supplier's capacity commitment (conjunctural)	Plant Supply-Chain	
Notify inability to deliver the firm orders after unforeseen events	Plant Supply-Chain (minor event) Purchasing Department (major event)	
Notify delay to deliver volumes complying with firm orders	Plant Supply-Chain	
Misunderstanding, questions to understand a Delivery Order (relevance, documentation of the Delivery Order: ref., volumes, PU, i.a.)	Plant Supply-Chain	
Notify Specific packaging issues (Shortage Supply, Endowment, Recovery, Repair / maintenance)	Plant Supply-Chain	
Notify delay of a transport organized by the Supplier	Plant Supply-Chain	
Notify delay of a carrier under a transport organized by LISI AUTOMOTIVE (insufficient loading capacity...)	Plant Supply-Chain	

3.5. Contacts, Suppliers List of contacts

In order to support LISI AUTOMOTIVE's operations, Supplier must nominate and communicate the name of a defined responsible contact for logistics issues as well as a suitable back-up contact. This list (see example here below) shall be automatically updated and sent to LISI AUTOMOTIVE at least once a year or in case of changes in the Supplier organisation.

Contact Name	Contact Function	email Address	Office Phone	Contact Mobile Phone	Shift Available	Emergency Contact(Y/N)	Deputy Name	Deputy Mobile Phone
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(contact name, function, e-mail address and office/mobile phone numbers, hours of availability, weekend and emergency contacts available 24 hours/7 days per week, deputies/back-ups for each SCM function).

Supplier ensures that the contacts have good language skills in the national language of the respective LISI AUTOMOTIVE plant where the goods are delivered to or at least good knowledge of the English language.

LISI AUTOMOTIVE provides a reciprocal list of contact information to his Suppliers. Supplier shall make sure this list is always up-to-date.

3.6 Emergency, Securization plan, Safety stock

In order to ensure the continuity of supply of goods, LISI AUTOMOTIVE requires each Supplier to have a risk analysis process which consists of an early warning system and a detailed contingency plan. See the LISI AUTOMOTIVE Quality Manual for the details.

If interruptions occur within the process chain at Supplier or its sub-suppliers that could jeopardize the deadlines planned by LISI AUTOMOTIVE, the Supplier is required to inform LISI AUTOMOTIVE immediately. A contact list includes key contacts and a list of people responsible for each action to be taken.

Furthermore, a competent contact must be named for this emergency situation and must be available at all times.

Supplier must prevent any possible risk of supply shortfalls to LISI AUTOMOTIVE along the entire supply chain. Supplier contingency plans must identify risks (based on probability of occurrence, severity of the impact, detection) to its supply of goods to LISI AUTOMOTIVE, and actions plan to mitigate the risk (Deviation, extra shifts, alternative manufacturing locations, inventory buffering, disaster recovery plans, EDI, transportation, packaging, equipment failure, etc.).

Supplier shall deploy a security stock consistent with the level of risk identified.

3.7. Consignment, advanced warehouse

In order to optimize the continuity of supply, LISI AUTOMOTIVE may decide to install a consignment stock between LISI AUTOMOTIVE and its Supplier. A consignment stock contract can be signed according to LISI AUTOMOTIVE template.

3.8 Physical inventory

LISI AUTOMOTIVE carries out an inventory twice a year.

Physical inventory may include Raw materials, components, WIP, finished products and packaging.

The Supplier can be asked to organize a precise physical inventory of LISI AUTOMOTIVE-owned products stored in Supplier premises or in transit.



Inventory report includes item number, batch number, quantity, last shipment notice before inventory and first shipment notice after inventory.

The Supplier can be required to provide an analysis and justification of any stock discrepancy.

LISI AUTOMOTIVE retains the right to request a physical inventory on Supplier site.

Moreover, LISI AUTOMOTIVE can request at any time an additional physical inventory on a given item.

3.9 Phase-out Parts

Any ending or significant reduction of the Orders from LISI AUTOMOTIVE will be explicitly expressed, with a period of notice of 3 calendar months.

During this period of notice of termination of the given items, the commercial conditions of the Contract and the volume of the firm orders placed over the previous 3 months will be maintained.

A delivery programme will be provided and its horizon will be reduced week per week until the end of run according to the following diamond chart.

END-OF-RUN-MANAGEMENT																						Date :			
FORECAST & DELIVERIES																									
LISI AUTOMOTIVE																									
SUPPLIER		XXXXXXX										ITEM		XXXXXXXXX											
CLIENT		LISI DELLE										DESCRIPTION		XXXXXXXXX											
FORECAST		WEEKLY FORECAST DEMAND																							
DATE																									
Weeks	Year	W23	W24	W25	W26	W27	W28	W29	W30	W31	W32	W33	W34	W35	W36	W37	W38	W39	W40	W41	W42	W43	W44	W45	
W19	2019																								
W20	2019																								
W21	2019																								
W22	2019																								
W23	2019		325	321	245	364	320	234	345	145	436	543	423	234											
W24	2019			325	240	350	323	235	345	240	422	534	432	234											
W25	2019				245	364	320	234	345	145	436	543	423	234											
W26	2019					341	341	234	364	345	422	560	432	170											
W27	2019						323	235	345	240	422	534	432	234											
W28	2019							234	345	145	436	543	423	234											
W29	2019								25	350	230	435	423	123											
W30	2019									408	312	336	264	216											
W31	2019	>								96	312	648	384	120											
W32	2019	>								96	312	408	768	72											
W33	2019	>								96	312	528	384	190											
W34	2019	>								96	312	528	336	155											
W35	2019	>								96	312	528	336	120											
Firm Deliveries / Weeks			325	326	251	321	323	231	25	96	312	528	336	120	0	0	0	0	0	0	0	0	0	0	



3.10. Supplier returns

Following an incident or a quality problem that is the Supplier's responsibility and in cases when parts have to be recovered by Supplier, transport will be managed by Supplier at its expense and risk.

Supplier is responsible for organizing the pick-up and paying for transport.

Supplier has a lead time of one week to pick-up the parts from the LISI AUTOMOTIVE plant. It must notify its LISI AUTOMOTIVE contact in advance who will then provide a time window to load the truck.

3.11 Aftermarket, spare parts

Subject to LISI AUTOMOTIVE's approval, Supplier may be entitled to destroy the tools if, over a period of two years, it does not receive orders of sufficient volumes to justify their use.

The Supplier shall notify LISI AUTOMOTIVE in order to determine the level of stocks of spare parts for the contractual periods. However, the moulds for the tools shall be retained for the contractual periods.

The Supplier spare part selling price shall be the same as the serial part price for the same item.

According to the standard in the automotive industry, the Supplier is obliged to maintain the supply of spare parts after end of serial production for 20 years.



IV. Physical Flow Management

4.1. Packaging

The design of the packaging must be agreed upon with the respective LISI AUTOMOTIVE plant in advance of the start of series production/delivery. Supplier is responsible for the delivery quality of the goods. Supplier must quote using the exact container size, type and standard pack quantity that LISI AUTOMOTIVE specifies. Any changes in packaging must be agreed in writing by LISI AUTOMOTIVE.

In the event, that the container is not specified by LISI AUTOMOTIVE in:

- A Request for Quotation (RFQ)
- A Supplier packaging instruction form
- Global Supplier Quality Directive
- The Purchase Order Terms and Conditions
- An existing agreement
- The Purchase Order
- Any other packaging guidelines.

the following default packaging guidelines will apply:

Manually handled containers are the rule. The weight of the manually handled standard pack will not exceed any specified ergonomic guidelines that may be provided by the LISI AUTOMOTIVE place of destination. Containers will be designed without dunnage/spacers whenever possible.

The packaging system must contain and protect the product from place of origin, through transit, to point of use and must assure ease of handling at the receiving location.

If requested by LISI AUTOMOTIVE, all components must be provided in “ready for production” condition, no additional process like washing or sorting shall be needed.

All packaging materials shall be recyclable, reusable or returnable where possible.

The management and control of Supplier packaging is defined in case of use of returnable containers by the Parties. The process includes procurement, endowment and monitoring of packaging elements.

Supplier ensures that all deliveries are made solely in clean, dry, non-defective and fully-functioning packaging. Supplier will be responsible for removing obsolete labels and sorting for damage.

The packaging must be of sufficient strength to allow full transportation utilization (no special loading or stacking instructions).

When applicable, and according to the goods destination, permanent and legible marking and treatment of the packaging must be provided according to IPPC (International Plant Protection Convention) Standard ISPM 15.

Supplier, when requested by LISI AUTOMOTIVE, must be able to pack mixed part numbers on a pallet according to type in containers.


Supplier agrees to properly pack and mark goods in accordance with the requirements of LISI AUTOMOTIVE in a manner to secure the lowest transportation cost.



Supplier agrees to define a back-up packaging solution integrating LISI AUTOMOTIVE's constraints i.e. production, storage, shipping (see more details in Chapter 9).

A process is in place to notify LISI AUTOMOTIVE and obtain its approval in case of shipment with back-up packaging.

4.2. Labelling

All packaging units (including pallets) delivered to LISI AUTOMOTIVE must be clearly labelled according to the guidelines of GALIA / ODETTE / VDA / AIAG standards. The content of the labelling solutions shall be in accordance with GALIA / ODETTE / VDA / AIAG standards. In case of safety part, the following logo  shall be applied

As far as LISI AUTOMOTIVE sub-contractors are concerned, the traceability sheet will be placed by LISI AUTOMOTIVE in the container before shipment. The sub-contractor is requested to return the parts in the container with the traceability sheet inside or in the container label holder. The Supplier shall sign it and also join the corresponding delivery note with batch numbers to the delivery. The traceability sheet shall always be the original document.

Containers have to be free of old and foreign labels. Transportation routing labels shall not cover shipping labels. The contents of the labels/tags are to be coordinated with the LISI AUTOMOTIVE plant and must, if applicable, comply with the regional industrial standard.

The labels shall be affixed so that they are visible and electronically readable without having to rearrange the packaging units. The attachment of the labels/tags must be carried out on the pouches, clamping plates, card pockets or other devices provided on the container.

Packaging unit Label (Examples)

Adr. fournisseur LISI AUTOMOTIVE FORMER DELLE 28 FAUDOURG DE BELFORT BP 25 F-90191 DELLE CEDEX		Destin. marchand LISI AUTOMOTIVE FORMER ST FLORENT 1 QUAI MATIERE / RECEPTIONS 15 RUE PASTEUR FR-18400-SAINT FLORENT SUR CHER			
Exped.		Viret 1			
Numéro livrais 14818925 		N° de commande du client 9000709			
No colis 54356 		Goods Mark			
Fourniss 607 		Poids net 435	Poids brut 495		
No. inscrib. ext.		Long.	Haut.		
Numéro SSCC 554356 IPAG18TE W00490D102 		D. exp. 07/11/19	Hrs. 16:21		
Code article	Nom	Numéro tel	Dt. fabric.	Qib. serie	Unit
A818TE	EBAUCHE A818T POUR ST FLORENT Ref. Client: A818TE	425722305	150119	54356	PCE

To be placed on each packaging unit



		Destination TRANSPORTS VEATEL DEPOT COMBOTTES 2 F-25700 VALENTIGNEY	
Expediteur LISI AUTOMOTIVE F-61550 LA FERTE-EN-OUICHE			
N° Article (P/TEST) 420816172	TEST Code Value (V) LA FERTE	TEST BATCH No 1007327503	
N° US (M) 790324745	TEST D190913	TEST	
Qte US (Q) 48000	Poids net (kg) 365	Poids brut (kg) 377	Nb. Boites 32

To be placed on each packaging unit



To be placed on each packaging unit

Handling Unit label (Example)

(1) Receiver R25 OPEL ESPAÑA S.L.U. ES 50809 FIGUERUELAS	TEST 15972132	(2) Ship to / Stock / Client PPSGA	TEST
(3) Delivery Note No (DN) 15972132	(4) Supplier Address LISI AUTOMOTIVE F-61550 LA FERTE-EN-OUICHE	(5) Net weight (KG) 209	(6) Gross weight (KG) 237
(8) Customer Part - (M. P) 03637308	TEST 	(7) Pallet No 20	
(9) Quantity (Q) 10000	TEST MADE IN FRANCE	(10) Description of Unit ECR EMBASE FREIN D12	
	(11) U. Part - Supp. No (S99) 42102162		
(12) Supplier No (V) 275527133	(13) Shipping Date D191106	(14) Engineering 161102	
(15) Label No 792060453	(16) Batch No. (B) 1007383436		
LISI AUTOMOTIVE	ODETTE VER. 1 REV. 4		

To be placed on the long side of the pallet



4.3. Palletization rules

Palletization Rules

- Pallets shall be built to international standards (not homemade pallets): i.e. 800X600 or 1200X800 or 1200X1000.
- Stacking packaging units on pallets shall be reinforced with bracing and / or wrapping solutions.
- LISI AUTOMOTIVE owned containers are stackable X 2 maximum during transport.
- Any other packaging units are not stackable during transport.



The goods belonging to the same lot (part number/batch) shall be consolidated and not spread and mixed-up over different pallets.



4.4. FIFO and traceability

The Supplier must define the size and the characteristics of its production batch and have an adequate and systematic identification system, and the various recordings, that allows:

- the identification of raw materials and semi-finished products in stock in its stores and throughout the manufacturing process,
- the identification of the product status during the entire production cycle in relation to tests and inspections,
- the distinction between "conforming" product and "non-conforming" product, the identification of the products with safety and / or regulation, the identification of the finished and deliberated product possibly with markings on the product itself,
- the management of the FIFO (First In First Out). The Supplier should use controls (FIFO) to ensure the stocks turnover (raw materials, components, process and finished products) all along the entire process of production and shipping.

The traceability system shall ensure that within 24 hours, all evidence associated with a suspect batch can be produced. The traceability data shall show clearly the batch information: start and stops times, quantity, process and product control information, internal and external batch movement dates and times, sub-suppliers batch information.

In case of safety stock requested by LISI AUTOMOTIVE, its definition and management will be defined in a separate document.

4.5. Warehousing, Docking solutions

For LISI AUTOMOTIVE part storage at the Supplier or sub-contractor plant, we recommend to store:

- in a covered place / shielded from the rain,
- in a tempered room (between 15°C and 25°C) with a relative humidity lower than 70%.

In any case, the Supplier is accountable for the storage conditions.



V. Data exchange

5.1. Electronic Data interchange, EDI

LISI AUTOMOTIVE may require automated EDI flows (Electronic Data Interchange transmission), as per automotive standards, with Suppliers including sub-contractors.

EDI set-up by a Supplier must be tested and validated by LISI AUTOMOTIVE.

Any change of ERP or EDI system at the Supplier location must be tested and validated by LISI AUTOMOTIVE.

5.2. EDI Messages

Supported EDIFACT and VDA standards:

STANDARD	From Supplier	To Supplier
EDIFACT	DESADV D96A	DELFOR D96A
VDA	VDA-4913	VDA-4905

Notes:

- LISI AUTOMOTIVE will send DELFOR or VDA-4905 for the release. The message will contain firm orders, forecasts (“mixed mode”) and reconciliation information. The release transmitted will cancel and replace any previous release.
- LISI AUTOMOTIVE will request the Supplier to send an ASN (Advanced Shipment Notification) when the truck leaves, message DESADV D96A or VDA-4913.

5.3. Validation Test

The EDI validation test covers both syntax and content of the message.

When the Supplier is ready to begin the test:

- He sends an email to LISI AUTOMOTIVE EDI team support.edi@lisi-automotive.com,
- LISI AUTOMOTIVE EDI team sends the datasheet with the connection parameters to establish the link between LISI AUTOMOTIVE and the Supplier,
- LISI AUTOMOTIVE EDI team sends a release file to the Supplier,
- The Supplier sends an ASN corresponding to the release file received.

If the ASN is validated we can go into production, if not the Supplier has to send a new test message.



VI. Financial processes digitalization

6.1. Digital invoice

LISI AUTOMOTIVE has implemented an **Electronic Invoicing platform** for receiving Supplier invoices.

This E-Invoice platform is hosted by Basware.

- All existing Suppliers are required to:
 - Progressively convert Paper Invoices into Electronic invoices (data + image format such as PDF Text or PDF Structured)
 - Register themselves on the E-Invoice platform (once only)
 - And to send electronically those e-invoices to our platform to the pre-defined email addresses by legal entity / subsidiary
- All new Suppliers are required to comply from the start to the e-invoice format and to use our E-Invoice platform.

Digital e-invoices format accepted are:

- PDF Text or PDF Structured (automatically granted)
- EDI on specific request only

Should you have any question on the LISI E-Invoice platform and LISI specific documentation, please liaise with digital@lisi-group.com. A dedicated manual to the e-invoice can be provided.

Should you want generic documentation on the Basware E-Invoice platform, please refer to <https://basware.service-now.com/bw?id=bwkbarticle&sysid=82cbcca5db31db31d304394380ab0b961989>

LISI AUTOMOTIVE has also implemented a **Purchase to Pay solution for invoice processing automation** purposes. The solution is provided by Basware.

Our Suppliers are required to:

- systematically respect the legal mandatory format / data on the invoice whatever the format / country,
- systematically state the LISI AUTOMOTIVE Purchase Order Number on the front page of each purchase order invoice whatever the format – mandatory for the automatic matching between Purchaser Order and Invoice.

Due to automation processes, incomplete data, invalid data or any non-quality data from the start on the invoice will automatically lead to either rejection of the entire invoice or longer processing time.

VII. Transportation management, Customs, Incoterms

Unless specified, incoming transportation conditions are landed LISI AUTOMOTIVE Point of use.

The Supplier ensures that his Carrier is informed and has accepted the applicable rules in terms of security and logistics.

The Supplier is accountable to obtain from his Carriers a commitment to respect the current legislation related to driving, working and resting hours of Road Drivers and, generally, to road safety. The Supplier is also accountable to respect and to obtain from his Carriers a commitment to respect the posted workers legislation (if applicable). Drivers shall have their certificate of posting when they are on the LISI AUTOMOTIVE site.

If the Driver is unable to present the original certificate during a control onsite, the Supplier undertakes to allow LISI AUTOMOTIVE to carry-out its own obligations of verification and alertness, imposed by local regulations (e.g. in France “Code du Transport” Art R 1331-6). To this end, the Supplier has to forward the useful documents, in particular the certificate of posting, which fulfils requirements from local regulations (e.g. in France “Code du Transport” Art R 1331-1 to R 1331-11). These documents must be forwarded to LISI AUTOMOTIVE within 48 hours following the request.

7.1. Incoterms – Transportation Risk

In general terms, unless particular written agreement, shipments to LISI AUTOMOTIVE plants are DAP “relevant LISI AUTOMOTIVE plant” transactions (according to Incoterms 2020).

To this end, all the transportation operations are at Supplier’s expenses and risks until the unloading of goods at LISI AUTOMOTIVE docks.

In the case of a transaction FCA “city of the Supplier”, the Supplier has to book the Carrier chosen by LISI AUTOMOTIVE, following its instructions and information (for example, UPS code instruction).

7.2. Transportation Documentation / Imports-Exports / Customs-Security C-TPAT

Depending on the origin of the goods, the Supplier shall provide, at his expense and in due course, all the written regulations and electronical transactions files related to goods, tools and/or equipment purchased that are required.

These documents are mandatory to LISI AUTOMOTIVE to meet its customs obligations or other requirements from government agencies from the country in which the LISI AUTOMOTIVE plant is located.

Any violations of these obligations could lead to penalties, downtimes, additional costs or customs blockages. All these resulting costs will be systematically charged to the Supplier. The Supplier agrees to use reputed Carriers with AEO full and/or C-TPAT certification. For transport DAP “LISI AUTOMOTIVE relevant plant”, the price breakdown (transport, fuel, ...) shall appear on the commercial invoice (according to Incoterms 2020).



7.3. Transportation recommended by Supplier

In case the Supplier can get better conditions than LISI AUTOMOTIVE for transportation, he can use his own Carrier, after a written agreement from LISI AUTOMOTIVE. The transportation cost will be charged back to LISI AUTOMOTIVE.

7.4. Transport / Milk-Run for sub-contractors (only applicable in France)

For its subcontractors, LISI AUTOMOTIVE has set-up a milk-run to carry parts to and from subcontractors.

As this flow is multi-site and multi-Supplier, the Supplier shall adapt its organisation to optimize loading of the truck on its site.

Time slots shall be modified according to volumes and transportation plans.

At the arrival on site, goods shall be accompanied by a routing sheet and a traceability sheet.

It is mandatory to return these documents in product containers and to respect the boxes return instruction.

See sub-contracting packaging return form in **APPENDIX**.



VIII. Supplier performance, Measurement

The performance measurement starts with the Supplier assessment, then the definition of targets, and finally the performance follow-up, together with the management of issues.

The following chapters are based on the LISI AUTOMOTIVE SUPPLIER QUALITY MANUAL which applies to all kinds of Suppliers, but adapted and dedicated to the logistics items.

8.1. Supplier assessment

The Supplier can only be recorded into the approved Supplier list of LISI AUTOMOTIVE, after a formal approval process as per the LISI AUTOMOTIVE SUPPLIER QUALITY MANUAL.

8.2. Supplier Logistics Performance

A service rate indicator, stated as a percentage of orders fulfilled (total number of lines delivered complete vs total number of lines to be delivered in a given period) is used to measure delivery performance.

Deviation to standard delivery mode will be measured in:

- Premium-freights (number and frequency),
- LISI AUTOMOTIVE and its Customer's production disruptions.

8.3. KPIs

The Supplier KPIs monitored at LISI AUTOMOTIVE are:

- OTD (On Time Delivery),
- Number of logistics claims (within the month and YTD),
- Premium-freight: number of occurrences of premium freight (monthly quantity of premium freight used to deliver LISI AUTOMOTIVE sites).

8.4. Non-conformity management

Refer to the LISI AUTOMOTIVE Supplier Quality manual, unless specific requirements.

8.5. Global MMOG-LE self-assessment

If required by LISI AUTOMOTIVE, a Global MMOG LE assessments version Basic has to be conducted every year by Suppliers.

The standardized format can be obtained through GALIA, ODETTE, VDA or AIAG.



Suppliers are requested to submit the English audit version.

These assessments can be performed by the Supplier himself (self-assessment), or by a qualified LISI AUTOMOTIVE auditor.

LISI AUTOMOTIVE reserves the right to execute an audit at Supplier's site after its approval. Audit documents to be provided by Supplier.



IX. Development and modification processes

9.1. Development processes

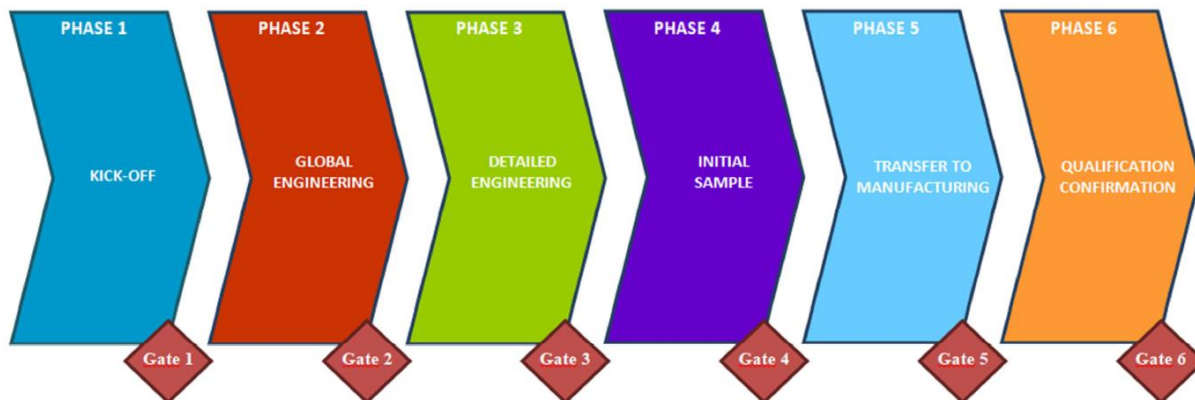
9.1.1 Request for Quotation.

For each new project, the Supplier receives a RFQ (Request for Quotation) with information on:

- Volumes (on three years),
- Date of SOP,
- Frequency of supplies,
- Type of packaging including alternative packaging,
- Expected flexibility.

9.1.2 APQP (Advanced Product Quality Planning)

As specified in the LISI AUTOMOTIVE Quality Manual, logistics has to be involved in each APQP stage. The APQP (Advanced Product Quality Planning) process is made up of six stages.



The Supplier must inform LISI AUTOMOTIVE immediately of any deviation to fulfil the approved contract.

On LISI AUTOMOTIVE’s project team request, the Supplier has to present its working shift schedule (1x8, 2x8, 3x8, 5x8), together with its usage rates in the “Run & Rate” form available on LISI AUTOMOTIVE’s website:

<https://www.lisi-automotive.com/>

During the phase n°4 “Initial Sample”, the validation of packaging and traceability information (labelling, batch number, quantity...) is requested with the PPAP. The Supplier must include those information in the PPAP.



9.1.3 Modification

The change management must be realized as described in the LISI AUTOMOTIVE Supplier Quality Manual. This rule also affects logistics matters (modifying quantity per pallet, labelling, pick-up location, ERP, etc...).

X. Tier 2 Management

Most of the Supply-Chain shortages come from lack of Tier 2 management focus. To ensure the Supply-Chain continuity, Suppliers are requested to manage properly their Tier 2.

10.1. Basic Requirements

Supplier shall nominate his Tier 2 to match with LISI AUTOMOTIVE expectations.

Tier 2 have to be assigned on time in order to match with the LISI AUTOMOTIVE project timeline and project ramp-up.

Within the Quality Assurance process, Supplier has to ensure transparency concerning its supply chain.

Supplier has to be able to reveal the supply chain on the basis of materials structure including the sub-supplier name, location and type of materials supplied (from Tier2 until Tier n).

LISI AUTOMOTIVE recommends Supplier to require a risk analysis process (such as FMEA) and a contingency plan from his Tier 2 in order to limit the risk of supply shortage.

XI. Glossary

Understand abbreviations and other terms that appear in the LISI AUTOMOTIVE Supplier Logistics Manual or are used in LISI AUTOMOTIVE SCM function.

11.1. Abbreviations - Glossary

8D: Approach to resolve quality and logistical problems between LISI AUTOMOTIVE and Suppliers in 8 steps with 8D support

AEO (OEA): Authorized Economic Operator: A plan designed to enhance the level of protection offered by customs controls for goods entering or leaving the European Union.

AIAG: Automotive Industry Action Group

ASN (Advanced Shipping Notification): EDIFACT EDI standard message, sent by Supplier to client to indicate departure of shipment / goods. Also known as AVIEXP

ADVANCED WAREHOUSE: Warehouse located close to a LISI AUTOMOTIVE plant to enable a quicker service of delivery. Goods generally are owned by the Supplier.

CALL-OFF: See SCHEDULE

CAPACITY: Quantity of product that a Supplier can supply over a given period (day, week, month).

CMR: Convention on international goods transport by road.

CONSIGNMENT STOCK: Stock legally owned by the Supplier, but held on a LISI AUTOMOTIVE site, meaning that the risk and rewards regarding to the said stock remains with the Supplier while LISI AUTOMOTIVE is responsible for warehousing.

CONTINGENCY PLAN: A plan designed to take account of a list of possible future events or circumstances which may stop production to LISI AUTOMOTIVE sites.

C-TPAT: Customs Trade Partnership against Terrorism

DAP: Delivered At Place as per Incoterms 2020 of the International Chamber of Commerce.

DELFOR: EDIFACT EDI standard message for the delivery forecast with release capability most commonly used by LISI AUTOMOTIVE for France and international transport.

DELJIT: EDIFACT EDI standard message for the delivery Just-In-Time material release.

DESADV: See AVIEXP

DDP: Delivered, Duty Paid as per Incoterms 2020 of the International Chamber of Commerce

EDI: Electronic Data Interchange

EDIFACT: Electronic Data Interchange for Administration, Commerce and Transport

END-OF-RUN: Discontinuation of part for mass production purposes at client site.

ERP: Enterprise Resource Planning

FCA: Free **C**arrier Incoterm (International Commercial Term CCI 2020)

FIFO: First In First Out

FLEXIBILITY: Ability of Supplier's process and industrial organization to handle changes in the volume or the nature of the parts made, with no jeopardy to economic profitability.

GALIA : Groupement pour l'Amélioration des Liaisons dans l'Industrie Automobile

GLOBAL MMOG/LE: Materials Management Global Materials Management Operations Guidelines – Logistics Evaluation. A self-assessment tool developed by GALIA, ODETTE and AIAG which helps the Supplier evaluate his logistics flows, identify his weaknesses and improve his global performance. It is used by European and American car manufacturing companies

HSE: Health Safety and Environment

IATF: International Automotive Task Force

INCOTERMS: International Commercial Terms, defining reciprocal obligations of seller and buyer as regards transport (cost, insurance, etc.) and documents (transport, customs, etc.) under an international sale-of-goods contract, without regard to actual property transfer and rights.

INVOIC: EDIFACT EDI standard message for claiming payment for goods or services. It can serve also for Debit Note and Credit Note messages.

IPPC: International Plant Protection Convention.

ISPM: International Standards for Phytosanitary Measures

Kanban: Kanban is a card attached to the part container and used in Just in time production management

KPI: Key Performance Indicator

LISI AUTOMOTIVE: is the **Customer** means Customer and/or its Affiliated Companies.



LISI PORTAL (previously named LINKS): Portal enabling exchanges of information between Suppliers and LISI AUTOMOTIVE headquarter and sites - <https://www.lisiportal.com>

MOVEX: the ERP used by LISI AUTOMOTIVE (in some cases LISI AUTOMOTIVE uses PLEX).

MRP: Material Requirement Planning

ODETTE: Organisation for Data Exchange by Tele-Transmission in Europe

OE: Original Equipment

OES: Original Equipment Service

OPEN ORDER (also blanket order): provides a framework of agreed terms like prices that will apply when Customer issues a Schedule. For the avoidance of doubt, the Blanket Order does not encompass any purchasing commitment for the parts from Customer and the validity period set forth in the Blanket Order is purely indicative, knowing that the Blanket Order will remain in force as long as Supplier is bound by a supply commitment for the Parts towards Customer.

OTD: On Time Delivery

PERIOD: A month, beginning on Mondays and ending on Sundays.

PHASE-OUT PARTS: Parts which are no longer produced or offered. Discontinued Items or End of Life can be used.

PU: Packaging unit: pack, containing identical parts or products that is designed for lifting by hand.

R&D: Research & Development

RFQ: Request For Quotation

RUN RATE: Estimate the Supplier's ability to produce quality at full capacity or refers to the estimation of a firm's future performance based on its current financial data under the assumption that the present conditions of business will be the same in the future.

SAFETY STOCK: Stock consistent with the level of risk identified by LISI AUTOMOTIVE to prevent any possible risk of supply shortfall along the supply chain

SCHEDULE (or Call-Off or Program): a document issued by Customer to Supplier, under an Open Order, that encompasses (i) a non-binding rolling forecast of Customer's demand for the parts over a certain period of time and (ii) Customer's firm purchasing commitment for the parts corresponding to the firm period defined in the Supplier Logistics Protocol. This document indicates the terms related to the performance of the Open Order including, but not limited to, volumes, shipment dates, place of delivery.

SCM: Supply Chain Management

SPOT ORDER: any firm purchasing commitment for the parts issued by Customer when an Open Order is not in place.

SRM: Supplier Relationship Management

SUPPLIER(S): An organization supplying goods and services to LISI AUTOMOTIVE under the terms of this Supplier Logistics Manual.

SUPPLIER RETURNS: Parts to be returned to the Supplier following an incident or a quality problem that is the Supplier's responsibility and in cases when parts have to be recovered by Supplier.

VDA: Verband der Automobilindustrie

VMI: Vendor Management Inventory.

Web-EDI: Web-Interface for Electronic Data Interchange

YTD: Year-To-Date

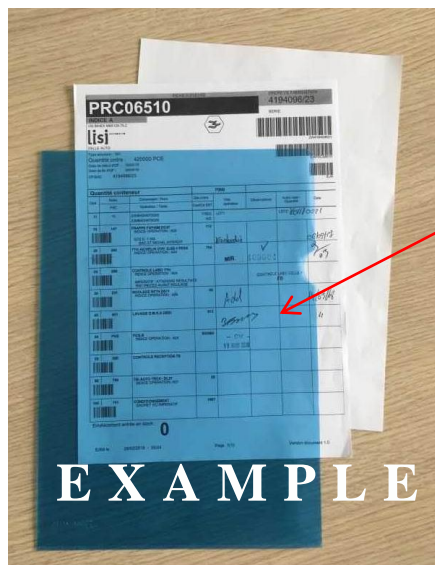


APPENDIX
SUB-CONTRACTING CONTAINER RETURN FORM

With the implementation of the tracking return form for subcontracting boxes, routing sheets were developed.

When you receive boxes for treatment, 2 documents shall accompany the goods:

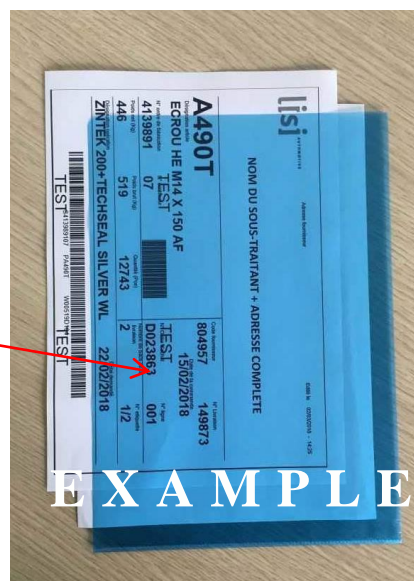
- (1) A traceability sheet
- (2) A routing sheet



In case the routing sheet is missing (2), please follow your usual method to return boxes.

(1) Traceability sheet

(2) Routing sheet



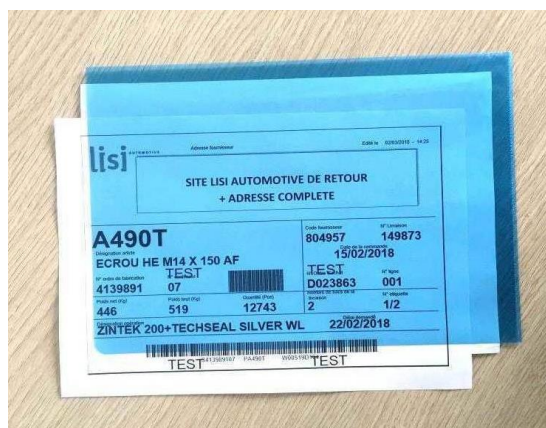
Once the treatment is ready, please keep the routing sheet (2) together with the traceability sheet (1) while sticking a label with the return address (feature 1). It shall be stuck on top of the routing sheet and put into the box for return (feature 2).

While missing adhesive labels, you can first use a paper routing sheet containing the receiver address. It shall be added to the routing sheet LISI AUTOMOTIVE in the plastic pouch, without hiding the barcode.

This method shall be temporary used at the beginning.



Feature 1: routing sheet with return address



Feature 2 : position in the box

The exact delivery address to be mentioned on the packaging return form shall be forwarded by LISI AUTOMOTIVE. No container can be shipped without a routing sheet.