

MASTER TERMS DIRECT PURCHASING

Mercedes-Benz ExTra, LLC

**LOGISTICS DIRECTIVES**

**Revision History**

Revision Level	Change Date
1.0	2/22/2019

**IMPORTANT:** *Check with MBE for any late-breaking changes to these directives.*

## LOGISTICS DIRECTIVES MBE

1. Shipment. Supplier shall comply with all of the logistics directives of Mercedes-Benz Extra ("MBE" or "Buyer"), as amended by MBE from time to time, which shall include, but not be limited to, the provisions set forth in this document. The costs set forth herein are binding until MBE imposes a change on the logistics requirements. Any additional costs associated with any subsequent logistics requirements shall be agreed upon in the context of change management. Any claims for damages that may arise from a change in logistics requirements are precluded. Supplier shall comply with any applicable incoterm or other delivery term as indicated on relevant purchase order.

(a) Parts Ordering System.

(i) Supplier shall meet MBE's delivery requirements.

(A) For just-in-time ("JIT") delivery from supplier ship-from location directly to destination as defined in the KLH or the destination as defined in the PO., MBE's parts ordering release system is designed to allow a material flow system that will support necessary stock requirements.

(B) For just-in-sequence ("JIS") delivery from maquiladora directly to destination as defined in the KLH or the destination as defined in the PO.

(C) For any other delivery method, Supplier shall conform to MBE requirements as directed.

(ii) Non-binding volume requirements will be generated for every part in the nine-month horizon with the following conditions existing:

(A) New requirements/orders;

(B) Released requirements/orders; and

(C) Future Planning (Daily and monthly planning volumes).

(iii) MBE will issue a Vendor Material Release Document at least once a week. This is used for three (3) purposes:

(A) Provide suppliers with short and long-term demand plans;

(B) Provide suppliers with requirements/orders for items to ship; and

(C) To update suppliers on requirements/orders not yet received by MBE.

(iv) The material release will be transmitted by Electronic Data Interchange (EDI) by data set 830 as directed by the EDI specifications for MBE on the supplier portal.

(b) Inventory Control.

(i) The Advance Shipping Notice (ASN) information must be transmitted via EDI within fifteen (15) minutes after a shipment has departed. A Corrective Action Report (CAR) will be issued whenever the ASN information differs from the actual material received. It is the Supplier's responsibility to arrange and pay for emergency material shipment if required.

(ii) If the Buyer Affiliate Quality Assurance Department determines that a Supplier has shipped defective Product, the Product will be, at MBE's discretion, scrapped or shipped back collect and the material and any shipping or handling costs will be charged back to the Supplier. If replacement Product is required, a new requirement/order will be issued and premium freight as well as the replacement Product will be the responsibility of the Supplier. If the Buyer Affiliate causes the Product to become defective after shipment, Supplier will need to charge the expenses and Product separately to Buyer.

(c) Delivery Requirements.

(i) Delivery times specified are times of delivery of the Product and Service Parts at the MBE designated place of delivery or destination.

(ii) Supplier agrees to take all actions necessary and appropriate to ensure that its Product, Service Parts, or Services are received by MBE or Buyer Affiliate as required by the Agreement and by any Purchase Contract issued under the Agreement. Supplier shall inform MBE promptly of any occurrence which shall or is reasonably expected to result in any delivery at a time or in a quantity not specified in the Purchase Contract. Supplier shall also advise MBE of corrective measures which Supplier is taking to minimize the effect of such an occurrence. No such occurrence will relieve Supplier of its obligations hereunder.

(iii) If Supplier at any time requires or intends to change the location from which Supplier shall ship the Product or Service Parts, Supplier must provide advance notice in writing to MBE at least six months before the move takes place so that MBE may evaluate the proposed change and negotiate, as necessary, regarding its effect on transit times, packaging methods, logistics costs, or other provisions or implications. If Supplier does not notify MBE of any increased transportation charges in advance of a change in shipping point, Supplier shall be responsible for such increased costs. No increased costs will be the responsibility of MBE unless specifically agreed upon.

(iv) In the event of tendered delivery not in compliance with the times and quantities specified in the Purchase Contract, unless caused by a Force Majeure Event: (A) Supplier shall ship the Product or Service Parts at the earliest possible moment and by the fastest practical means, but at no additional cost to MBE, and (B) all charges and expenses,

including production changes, additional labor, additional transportation charges, and cover resulting from the failure of Supplier to make delivery in compliance with the times and quantities specified in the Purchase Contract shall be borne and paid by Supplier.

## 2. Transportation.

(a) Shipping and Routing Instructions. MBE may specify the carrier and/or method of transportation. Shipment shall be routed in accordance with MBE instructions. Supplier shall comply with all of MBE transportation routing instructions, including, but not limited to, mode of transportation, utilization of assigned carrier, and identification of the shipping point. MBE may at any time, and from time to time, change shipping schedules previously furnished to the Supplier, or direct temporary suspension of scheduled shipments. Supplier shall be responsible for all excess costs incurred because of its failure to comply with the MBE transportation instructions.

(b) Transportation Concept. MBE's transportation philosophy follows the general concept of frequent deliveries, with the frequency generally determined by Supplier's shipping location, volume and the cost of both the Product and transportation.

(i) In the case where Supplier pays the carrier, Supplier shall identify as a separate line item the cost of transportation in the piece price. This cost will be determined by allocating the actual cost per shipment against the actual volume required by the part divided by the total volume of the shipment. Suppliers on dedicated MBE routes must be capable of shipping 24 hours per day.

(ii) In all instances in which Supplier provides the transportation, the following conditions must be met:

(A) Supplier is responsible for obtaining a delivery window time from MBE or Buyer Affiliate;

(B) Deliveries are to be made within the specified window time;

(C) Supplier is responsible for determining and guaranteeing the carrier's transit time;

(D) Supplier's returnable containers are to be reloaded at the time of delivery;

(E) MBE will not make allowances for early or late deliveries;

(F) Material release information will have to be supplied to the carrier by the Supplier;

(G) The carrier must have a minimum of \$5 million automotive liability insurance and a minimum of \$2 million general liability insurance. MBE is to be named as additional insured; and

(H) The carrier must have a minimum of \$500,000 all-risk transit insurance.

(iii) When Supplier is at fault for a failure to comply with these Directives, it will be its responsibility to arrange and pay for expedited shipments. It is strongly recommended that Supplier consult with MBE on carrier selection.

### 3. Expedites.

Any delay in the supply chain can only be compensated by special expedited transport (vans, trucks, air freight). Special expedited transport must be arranged and managed by the supplier regardless of the party financially responsible. Any special transport must be communicated immediately to the respective MBE MRP specialist and include all shipment details and ETA.

If it is determined that the supplier is not at fault, MBE will reimburse the supplier for the costs of the expedite but will not be responsible for any additional administrative costs. Supplier must provide MBE a copy of any invoices for expedited shipping to document its costs. Supplier agrees that MBE can audit at any time (with prior coordination) the backup documentation for the costs Supplier is invoicing.

### 4. Packing and Marking.

(a) Supplier Responsibility and Packing Slips. The Supplier is responsible for ensuring that the individual part quantity is correct and the material is in good shipping condition. If the carrier is not allowed on Supplier's dock, the carrier is to mark on all of the Bill of Lading's Shipper Load & Count (SL&C); therefore Supplier is responsible for the entire load (shortage and damage due to staging the material). Supplier shall pack and mark the Product and Service Parts and make shipments (including shipping on Saturdays and holidays, when requested) in accordance with MBE instructions, meet carrier requirements, and assure delivery free of damage or deterioration. MBE reserves the right to require packing slips for shipments of Product and Service Parts. If required, all shipments of Product and Service Parts to the Buyer Affiliate plant must include two packing slips, or four packing slips in the case of shipments directed to a consolidation point. Whenever shipment is made by truck, Supplier shall enclose one of the packing slips (or packing slip sets in the case of multiple item shipments) in an envelope, and Supplier shall record written instructions on the Bill of Lading directing the delivering driver to deliver the envelope to the proper Buyer Affiliate representative upon arrival.

(b) Delays in Invoice Payment. MBE will pay invoices in accordance with the standard MBE payment processes once the following requirements are met: invoices, packing slips, and bills of lading must bear the MBE-assigned supplier code, Purchase Contract number, part number, Supplier's identification number, the requisition number on quantity buys or the release number

on blanket orders, the "Ship-to" address, MBE assigned plant location code, "invoice-to" address, and whether containers used are "returnable" or "non-returnable."

(c) Reimbursable Expenses and Rate Differentials. Supplier agrees to reimburse MBE for all expenses incurred by MBE as a result of Supplier's failure to follow these Logistics Directives.

(d) Count and Charges. The Buyer Affiliate count shall be accepted as final on all shipments. Unless otherwise expressly agreed in writing by MBE, no charge shall be made by Supplier for containers, crating, boxing, bundling, dunnage, drayage, or storage.

(e) Returnable Packaging.

(i) Supplier shall implement a system of returnable containers. It is the responsibility of Supplier to handle all prototype and final packaging development, which includes interior designs to preserve part quality, racking systems, unique containers and all associated testing requirements. Final packaging approval by Buyer Affiliate Logistics is required before any orders are placed or containers are sent to Buyer Affiliate. MBE or Buyer Affiliate reserves the right to reject or refuse the use of any packaging supplier.

(ii) Unless otherwise directed by MBE or Buyer Affiliate, returnable packaging is purchased, owned, maintained and paid by Supplier, and Supplier shall ensure sufficient quantity of packaging to meet Buyer or Buyer Affiliate's volume requirements. It is Supplier's responsibility to ensure that all returnable containers are free of debris that would impact the quality of the material being packaged prior to loading with MBE parts. Costs for the packaging shall be quoted as a separate line item included in the piece price. Supplier will only be reimbursed for packaging agreed to by MBE or Buyer Affiliate. The cost for additional packaging required for equipment optimization, external processes, etc. will be borne by Supplier even if the packaging is identical to the production packaging. Supplier is required to submit proof of order and receipt of all packaging including dunnage by part number. Suppliers are required to maintain, clean, repair and replace packaging (including interiors). The cost to store excess or repair material will be borne by Supplier. Supplier will be responsible to conform to the packaging specifications provided by MBE or Buyer Affiliate. MBE or Buyer Affiliate has the option to take ownership of Supplier's returnable packaging at the price of \$1.00 upon completion of the amortization.

(f) Expendable Packaging. Expendable packaging should be kept as a back-up for emergency situations only unless otherwise approved in writing as suitable for use as standard packaging. Expendable packaging shall as closely as possible match the dimensions and parts quantity of the returnable packaging. Expendable packaging must include telescopic lids and have hand holes if necessary. Shipping of parts in expendable packaging requires prior approval from MBE or Buyer Affiliate. The cost to store and furnish expendable packaging will be borne by the Supplier.

(g) Labeling. All containers require two shipping labels on adjacent sides. Supplier shall provide bar coded labels that meet MBE or Buyer Affiliates' standards as well as AIAG standards. All labels are to be constructed of a coated thermal transfer or direct thermal paper

material and printed using thermal transfer, laser, or direct thermal. There are eleven required data areas for each label: Part Number, ZGS (Engineering Change Level), Q-Level, Part Quantity, Supplier Name, Supplier Number, Part Description, Storage Location, Unloading Point, Packaging Type and Serial Number. Additionally, there is a “Supplier Reference Area” available for uses not required by this document.