GUIDEBOOK

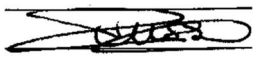
We make it possible

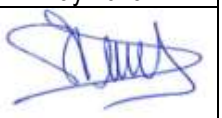
Supplier Logistics Manual

PROCEDURE

HUTCHINSON	CORPORATE PURCHASING	HES HUTCHINSON Excellence System

EDITION	DATE	STATUS	MODIFICATION
1	April 2015	First issue	First issue
2	December 2017	Update	New codification of the document
3	May 2019	Update	Addition of the notion of the service provider rate, its mean of calculation and access on Ivalua.

Written by:	E. NICOLAS	L.RUSSON
Date:	May 2019	May 2019
Visa:		

Approved by:	S. PERRET
Date:	May 2019
Visa:	

Contents

PURPOSE

The Supplier Logistics Manual (**SLogM**) is the logistics reference document for Hutchinson suppliers. It formalizes supply chain requirements and is supplemental to the set of documents governing supplier relations.

It is also intended to clarify relationship rules and to state requirements, responsibilities and commitments, in order to prevent errors of interpretation and disputes between the parties.

Where searching for new supplier reference listings is concerned, it serves as a working basis and benchmark for discussions between Hutchinson and its suppliers, current or potential, to result in the joint signature of the Supplier Logistics Protocol **(SLogP)**.

It covers the whole of the logistics chain.

- **Order Types**
- **Provisioning management method**
- **Communications modes / EDI**
- **Forecasts / Capacity / Flexibility**
- **Transport**
- **Receiving / AVIEXP**
- **Packing / Labelling**
- **Handling logistics incidents and non-compliances**
- **Evaluating logistics performance**
- **Security plan**

It is essential that this is included in discussions between the supplier and Hutchinson, as far upstream as possible, in order to ensure that initial deliveries comply.

NB: the changes made compared to the previous version are identifiable by italic characters

APPLICABLE TO

The manual relates to the supply of products used in the manufacture of finished products - otherwise known as CDP items - (raw materials, components, packaging or other) supplied by all the Hutchinson supplier's sites.

This manual is intended for all suppliers, including sub-contractors, whose added value will be incorporated into a product.

It covers the product life cycle from the initial enquiry up until the end of life.

Note: packaging is an integral part of a product and is therefore involved in all PPAP approvals.

EFFECT / DISTRIBUTION / COPY / MODIFICATION

➔ *Effect*

The provisions in this manual come into effect on the date of signature:

- **of the Supplier Logistics Protocol SLogP for already approved items/suppliers.**
- **Upon submission of the RFQ for new reference listings.**

➔ *Circulation / Copy*

This **SLogM** Supplier Logistics Manual is in free circulation within Hutchinson and suppliers to the Group.

Distributing a version of the **SLogM** is the responsibility of the person who distributes it. An up-to-date version will be permanently available on the Group's supplier portal.

The distribution or provision of a copy of this manual to any physical person or entity, not belonging to the Hutchinson Group or having the status of official or prospective supplier, is strictly prohibited.

➔ *Modification*

No spontaneous or arbitrary modification of this document is permitted. Only the issuer is authorized to approve modifications.

Any new version will visually highlight changes in relation to the previous version.

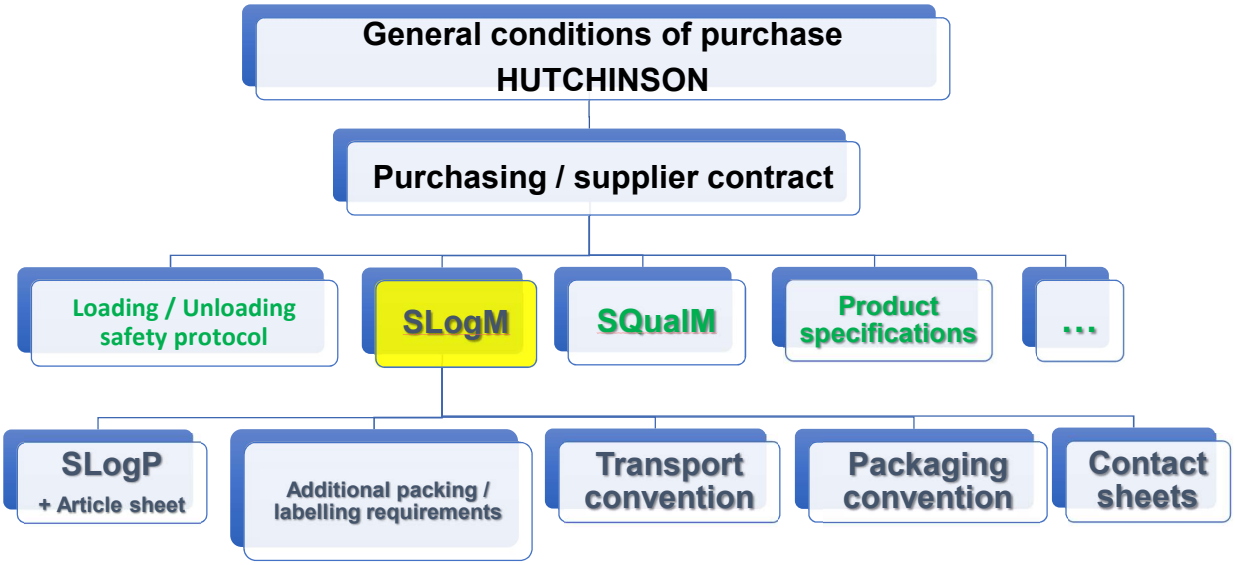
The use of this manual and its appendices, archiving method and update procedure are subject to the rules of the Hutchinson quality system.

1. INTRODUCTION

1.1 Statement of the various supplier logistics requirements

The Supplier Logistics Manual (**SLogM**) is part of a document set within the Hutchinson Group quality system.

It is the keystone in the Hutchinson supply chain requirements reference base.



The **SLogM** contains all generic supply chain considerations and requirements. It is available on the Group's supplier portal.

The SLogM is supplemented by the Supplier Logistics Protocol (SLogP)
The protocol is defined for each Hutchinson delivery site and supplier delivery site. It requires a formal exchange between Hutchinson and its suppliers.

It is the result of work done using this manual as its basis.

- **The SLogP** is signed between the Hutchinson receiving site and the supplier site. It specifies the values in the following **SLogM** rules:
  - ✓ **Sheet A - General supplier parameters**
  - ✓ **Sheet B - Product parameters (provisioning parameters / article sheet)**

Sheet B, "product parameters", is an appendix to the protocol allowing the inclusion of new reference listings without the global supplier parameters defined in Sheet A having to be signed again.

SIGNATURE OF THE SLOGP BY THE SUPPLIER AND HUTCHINSON REPRESENTATIVE SIGNIFIES AGREEMENT AND A COMMITMENT BY BOTH PARTIES TO COMPLY WITH THE CONTENTS OF THE SLOGP, OF THE SLOGM AND OF THE ITEM CARD.

The standard **SLogP** model will soon be available on the Group's supplier portal.

Depending on the Hutchinson delivery sites and the nature of the products delivered, "**Supplementary Logistics Standards**" specific to the site may be determined in addition to the **SLogM.**

These supplementary logistics standards, where they exist for a Hutchinson site, will be stated in the SLogP Logistics Protocol -

---

The SLogM is also supplemented by the Transport Convention (T.C.)
This convention is defined jointly by Hutchinson and its suppliers in cases where all or part of the transport is Hutchinson's responsibility.

- The **T.C**. sets out all the parameters associated with organizing handling and transport when and only when Incoterms state that the responsibility for the transport chain is shared.
- The **T.C**. is signed by three parties:
  - ✓ Hutchinson
  - ✓ The supplier
  - ✓ The transport companies
- It is the transport company's responsibility to communicate the rules in the **T.C**. to its sub-contractors, where applicable.

SIGNATURE OF THE T.C. BY THE SUPPLIER, THE TRANSPORT COMPANY AND HUTCHINSON REPRESENTATIVE SIGNIFIES THE THREE PARTIES' AGREEMENT TO THE CONTENT OF THE DOCUMENT.

A model **T.C**. is available on the Group's supplier portal.

The SLogM is also supplemented by the Packaging Convention (P.C.)
This convention is defined jointly by Hutchinson and its suppliers in cases where all or part of the packaging defined calls for reusable packing.

- The **P.C**. finalizes all the parameters associated with organizing reusable packing flows.
- The **P.C**. is signed by three parties:
  - ✓ Hutchinson
  - ✓ The supplier
  - ✓ The packaging pool management company (where there is one).

SIGNATURE OF THE P.C. BY THE SUPPLIER, PACKING MANAGEMENT COMPANY AND HUTCHINSON REPRESENTATIVE SIGNIFIES THE THREE PARTIES' AGREEMENT TO THE CONTENT OF THE DOCUMENT.

A standard model **P.C** is available on the Group's supplier portal.

Finally, the SLogM is supplemented by Contact sheets
The updating and circulation of these lists is the responsibility of both parties. These contact sheets are to be established per plant.

- Hutchinson contacts
- Supplier contacts

The standard model for **contact sheets** will soon be available on the Group's supplier portal.

1.2 Safety - A priority for Hutchinson

The safety of people and equipment is a major preoccupation in Hutchinson plants.

In addition to the logistics rules set out in the **SLogM** and **SLogP,** the supplier and its sub-contractors must comply with the rules set out in the **Loading / Unloading safety protocol** for each Hutchinson plant.

- This document lists the minimum safety obligations which transport company personnel are required to comply with when they enter Hutchinson sites.
- This document must be circulated by suppliers to their transport companies and suppliers must ensure that transport companies are familiar with them.

TRANSPORT COMPANIES DELIVERING TO HUTCHINSON MUST SIGN THE LOADING / UNLOADING SAFETY PROTOCOL.

COMPLIANCE WITH ALL SAFETY RULES IS COMPULSORY FOR ALL PARTIES INVOLVED.

1.3 Commitments on the supplier

The supplier must be familiar with and include all Hutchinson's logistics requirements in its technical / commercial quotation.

It undertakes to comply with them throughout a product's life cycle and to continuously improve its logistics performance.

The supplier must appoint a logistics contact, responsible for ensuring compliance with the requirements in this manual and for achieving the performance objectives set.
.

2. SUPPLY CHAIN STRATEGY

2.1 Pathway

Hutchinson seeks to optimize its logistics, in order to meet its customers' requirements.

To be overall effective and efficient, the supply chain from the Hutchinson customer to suppliers must be harmonized in the upstream chain (provisioning process, receiving / raw materials storage).

The model will be based on regular communication with suppliers throughout the life of the product (from development via the ***HDS*** - ***Hutchinson Development System*** until the end of its life) and will clearly seek to improve performance at our suppliers and internally.

Improvement will take place via an acceleration of flows in the internal distribution process operated by the site and obtaining a saving on both sides in the parts provisioning process, to achieve an improved overall logistics cost during the project phase and during its series production life.

Through **SLogM**, Hutchinson describes the main processes in its logistics operation, in order that suppliers understand the reason for the requirements communicated to them.

2.2 Objectives

Hutchinson has developed a Levelled Pull Flow strategy.

This strategy is based on simple principles where the supplier is deeply involved:

1. **Reducing upstream stocks (raw materials and components):**
    1. Through frequent deliveries (target of daily/weekly, depending on the product).
    2. Through a smoothing of production and therefore of procurement.

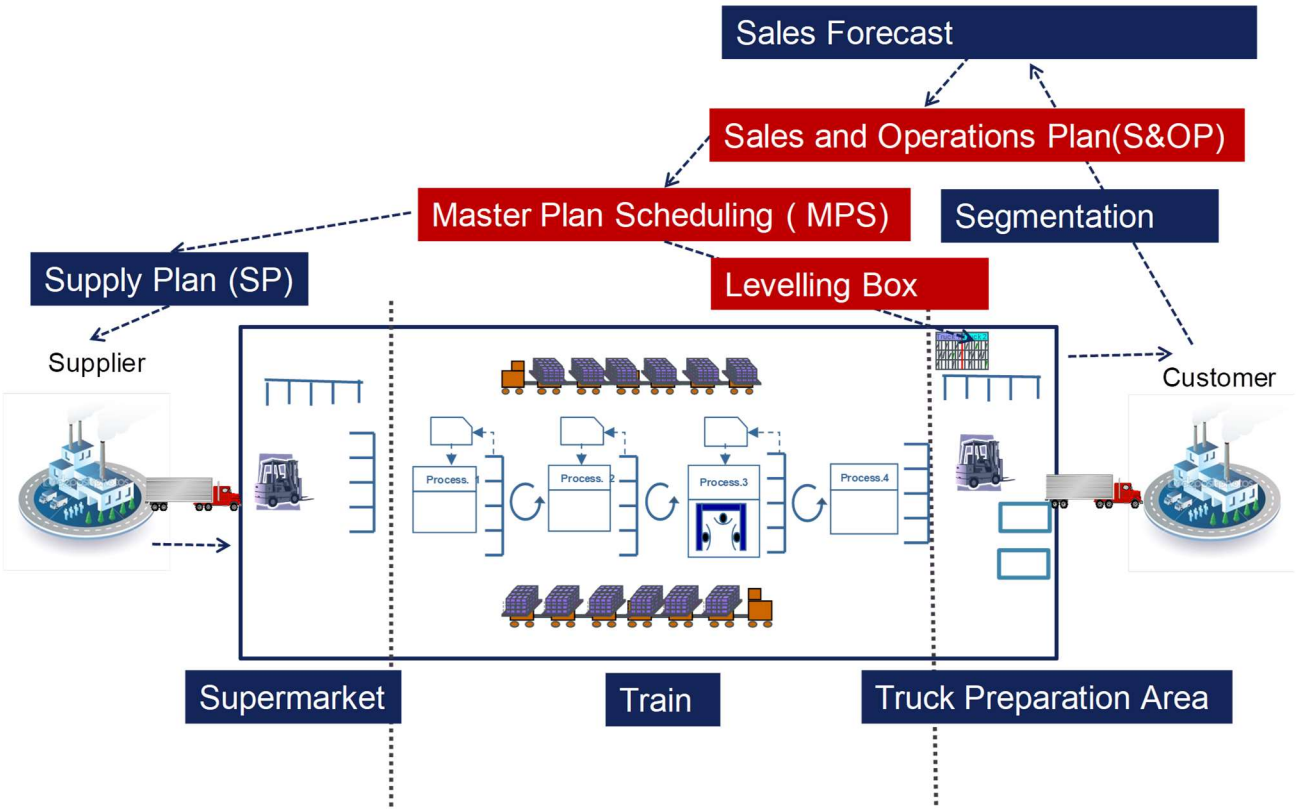
2. **Ensuring consistency between purchasing conditions and production needs:**
    1. Batches / Delivery frequency from the supplier adapted to the production takt time
    2. Reusable packaging
    3. Packaging that can be handled by hand
    4. No re-packing between delivery and use on the line.

3. **Controlling the overall logistics cost in the project phase and during series production**

4. **Controlling and reducing transport costs through transport optimization**

5. **Controlling the flow of parts all through the supply chain**
    1. The use of EDI
    2. The identification of components through standard labelling
    3. Products in AQP / Suppliers in AQF

2.3 Hutchinson industrial system approach



● **Supply Chain steering via S&OP / MPS / SP**

Through the **Sales and operations plan (S&OP**) reviewed each month, definition of a levelled production plan by U.A.P. on a monthly grid from 6 to 18 months.

This levelled production plan takes a target (min/max) stock tunnel into consideration.

The S&OP is used as the capacity basis for the Master Production Schedule (MPS) which re-translates the levelling into a reference on the 8 to 12-week weekly grid.

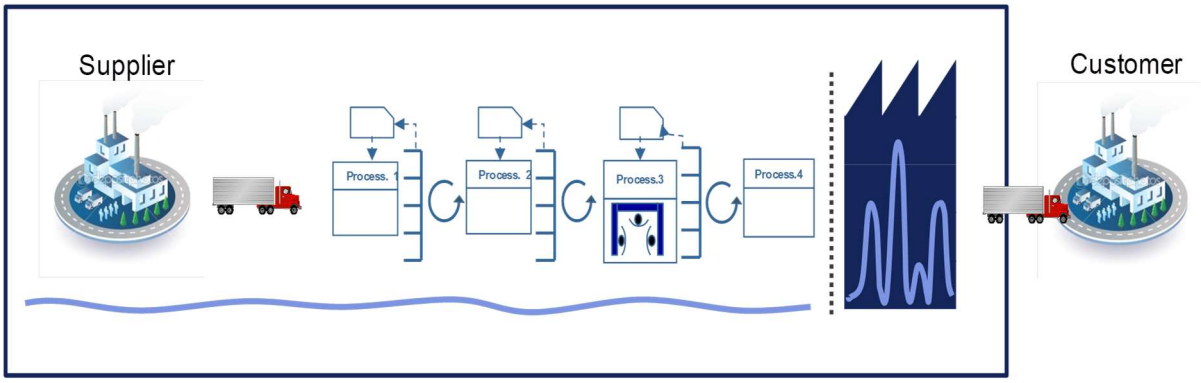
The levelled MPS, adjusted every week, feeds the net needs calculation (**CBN**), in order to define component needs.

The **Supply Plan (SP)** is the smoothed expression of the need to suppliers based on the result of the CBN.

● **FTL Production Steering**

The **Levelled Pull Flow (FTL)** is the concept used by Hutchinson for managing production.

The FTL re-translates PDP decisions via a sequencer (Levelling Box) and allows a smoothed picking and production rate all through the supply chain back to the supplier.



Production must be protected from unforeseen occurrences and customer variations via the Master Production Schedule (MPS). The smoothed signal issued by the MPS allows the upstream chain to make needs more visible and be efficient in its output.

● Provisioning of FTL production stations

The deployment of "small provisioning trains" in autonomous production units is the target for Hutchinson industrial organizations. The concept is based on:

- **The consistency of the package delivered with the production unit's need.**
- **An increase in the delivery frequency from the warehouse to the production unit.**
- **Optimized movements (an empty box is replaced by a full one)**
- **Standardizing train circuits**

● Optimizing our stock levels through segmentation

The stock segmentation methodology approach allows the positioning of stocks to be mapped at different flow levels and to define a stock objective (or just needed inventory). The purpose of this approach, deployed on all Hutchinson sites is to:

- **Model the parameters leading to the actual stock situation**
- **Understanding the root causes of stock levels**
- **Targeting and acting on internal and external rigidities and variability's, in order to create opportunities for reducing stocks.**

HUTCHINSON HAS AN ORGANIZATION AND TOOLS ENABLING IT TO SMOOTH THE LOAD ON ITS PLANTS AND THE EXTERNAL NEEDS EXPRESSED TO ITS SUPPLIERS, IN ORDER TO OPTIMIZE STOCK LEVELS.

3. TYPES OF ORDER

The identification of a provisioning need comes from
- either from the net need calculation
- or from a "Kanban" operating mode

The expression of the need is then translated into
- either a closed order sent to the supplier
- or an open order with a request for delivery

Delivery dates given in orders are to be understood as arrival and receipt in logistics warehouse dates.

THE USE OF AN OPEN ORDER IS RECOMMENDED IN A "SERIES PRODUCTION" CONTEXT ALLOWING THE NEGOTIATION OF A PRICE BASED ON A BUDGETED ANNUAL QUANTITY.

OTHER THAN EXCEPTIONS, CLOSED QUANTITY ORDERS ARE RESERVED FOR E.I. AND/OR PROTOTYPE ORDERS.

This order type agreement is the one defined in the SLogP Logistics Protocol.

3.1 Closed purchase orders

These are created and sent to the supplier by the procurement agent or buyer. This type of order is sent according to Hutchinson's needs. It contains all the components of an official purchase order (reference / quantities / prices / delivery dates / payment conditions / etc.

For closed orders, no forecast is supplied, and each delivery request generates a specific order number.

3.2 Open purchase orders

- **Open order header**

It comprises the following principal information:

- ***The article code and description.***
- ***The price.***
- ***The order numbers.***
- ***The invoice addresses.***
- ***The delivery addresses.***
- ***The payment conditions.***

It refers to the general conditions of purchase and the purchase contract.

● **Delivery requirement**

This is linked to the open order header. It is sent by the procurement agent and includes the following principal information:

- ***The article code and description.***

- ***Firm call-offs (quantities / delivery dates) constituting a commitment from Hutchinson.***

- ***Provisional call-offs (quantities / delivery dates) allowing the supplier to forecast its production load and material provisioning.***

- ***Offset information (from information received and expected). This information allows the supplier to synchronize Hutchinson's schedule with its own data and to take into consideration any accelerated/delayed requirements and deliveries in progress.***

- ***The last delivery note(s) received by Hutchinson***

- ***The delivery addresses***

- ***The unloading point (receiving dock)***

The transmission of needs depends on the delivery frequency and must be done at an exact date allowing the supplier to manage its provisioning plans.

Except where otherwise specified in the SLogP, the forecast is recalculated and sent to the supplier once a week.

3.3 Re-provisioning horizons

Re-provisioning horizons are defined as follows:

- **Firm: Number of days or weeks**
- **Provisional: Number of weeks or months for an average forward period of 10 months** (This period may vary).

The firm horizon must be as short as possible. Ideally, it should equal the supplier's order picking time plus the transport time between the supplier and the Hutchinson delivery site.

Hutchinson is prohibited from changing quantities within the "firm" horizon without the supplier's prior agreement. It is then a question of a DLS, the delivery conditions for which are negotiated case by case.

This firm and provisional horizon agreement is the one defined in the SLogP Logistics Protocol.

3.4 Delivery frequencies

Delivery frequencies for the firm period may be expressed as follows:

- X times a day - Several predetermined daily delivery slots
- Once a day - One predetermined daily delivery slot
- X times a week - predetermined delivery days/ slots
- Once a week - Predetermined fixed day / delivery slot
- X times a month - Predetermined fixed days / delivery slots, e.g. every first and third of the month

- Once a month - Predetermined fixed day / delivery slots, for example the second Tuesday in the month.
- As needed - Frequency not defined

This delivery frequency agreement is the one defined in the SLogP Logistics Protocol.

3.5 Production / delivery batch size

- **Production batch size**

This relates to the minimum production batch size advised by the supplier. This rigidity in no way affects delivery minimums. **It is purely an internal constraint on the supplier.**

- **Delivery batch size**

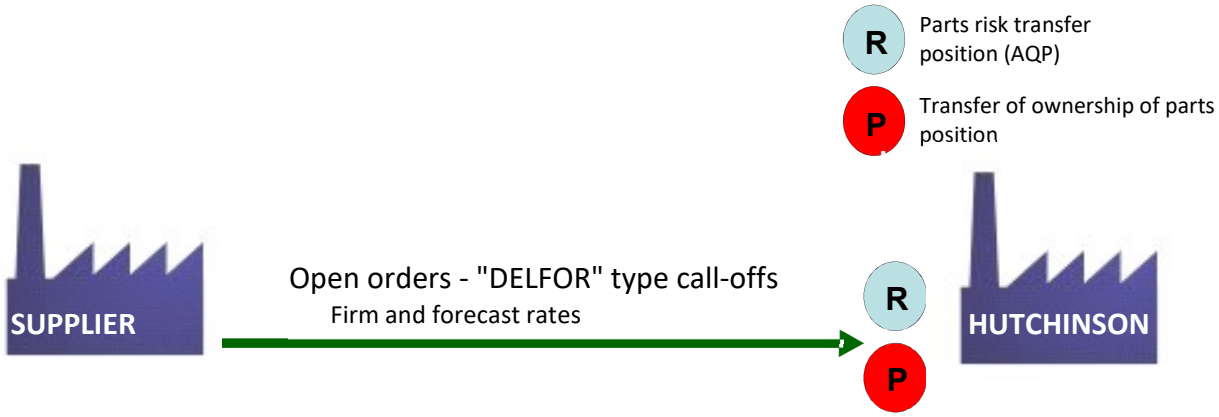
This relates to the batch size delivered to Hutchinson by the supplier. In consideration of Hutchinson's stock strategy, the supplier is requested to propose a delivery batch size consistent with a weekly or daily "target" delivery frequency.

This delivery batch size agreement is the one defined in the Item card.

4. PROVISIONING MANAGEMENT METHODS

Hutchinson recommends three provisioning management methods. **These management methods only apply to an open order flow.**

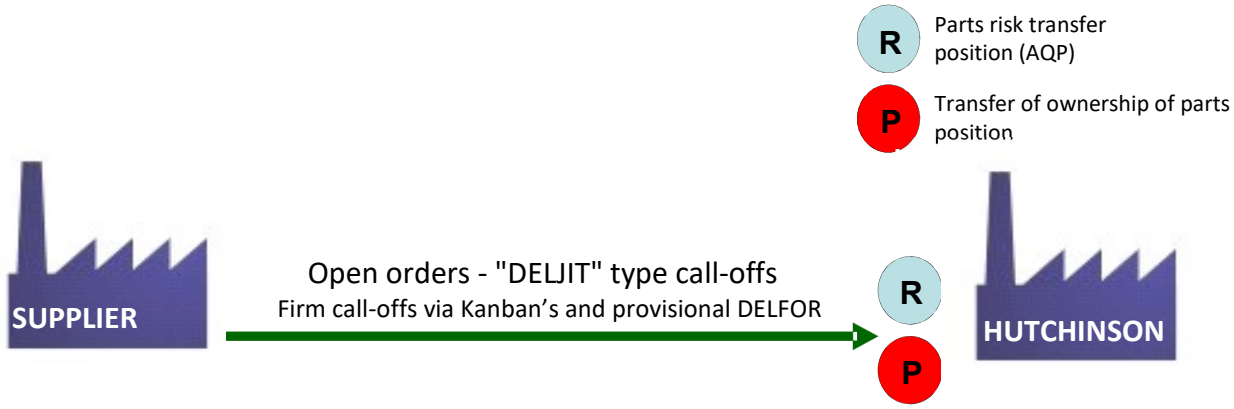
4.1 DELFOR mode



Delivery requests are sent weekly.

A single document includes the firm and provisional call-offs requested by Hutchinson, as well as the offset information allowing the supplier to define requirements pulled forward/pushed backwards.

4.2 KANBAN / DELJIT mode



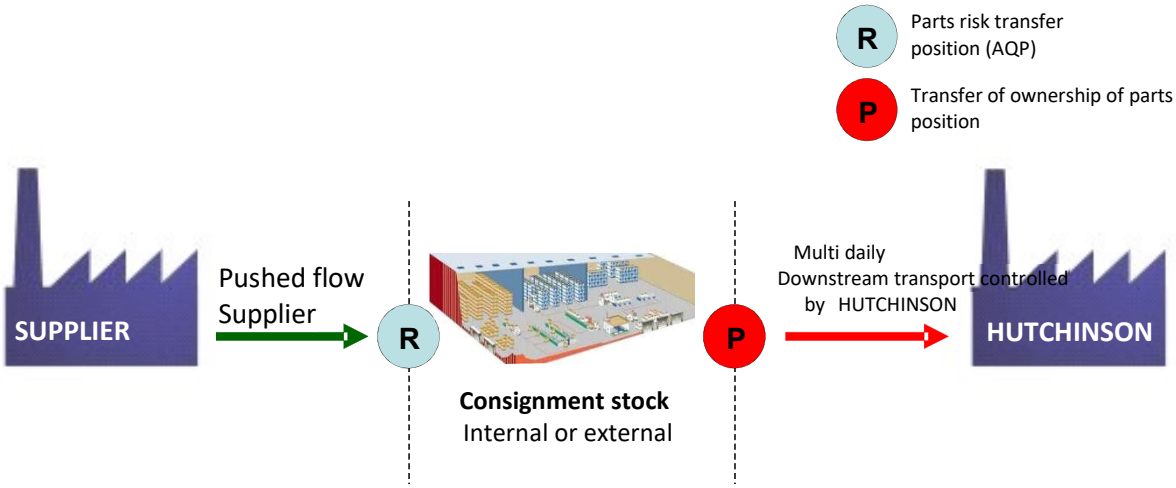
In this mode, firm needs are determined according to the quantities consumed by production. These needs are sent to the supplier at regular intervals (depending on the delivery frequency defined) by means of a "Kanban call-off" document.

The information contained in the "Kanban call-off" document is:
- ***The article code and description***
- ***Delivery date***
- ***The quantities to be delivered in number of cards***
- ***The number of corresponding Kanban cards***
- ***The delivery address and the unloading point (receiving dock)***
- ***The details of the last receipts made on the order (d/note no. and quantities received)***

The provisional needs are themselves sent each week in the same way as for the DELFOR mode.

In the context of a Kanban/DELJIT type provisioning mode, the Kanban call-off frequency and the time when Kanban's are issued are those defined in the SLogP Logistics Protocol.

4.3 CONSIGNMENT STOCK mode



It is suitable for specific provisioning, e.g. container deliveries and is based on the principle of a supplier delivery to a defined advance stock and a transfer of ownership upon take-off by the Hutchinson customer.

As with the DELFOR mode, requests to deliver to stock are sent on a weekly frequency. A summary of the take-offs, daily or weekly) is sent to the supplier for invoicing.

This management mode should be covered by a specific consignment contract between the supplier and Hutchinson.

THE SUPPLIER UNDERTAKES TO DELIVER ONLY AGAINST NEEDS ISSUED BY HUTCHINSON. IT MUST NOT DELIVER MORE THAN THE NEED, EVEN WHERE IT DOES NOT AMOUNT TO A COMPLETE LORRY LOAD.

ANY QUANTITY OR LEAD-TIME PROBLEM MUST BE CLEARLY COMMUNICATED TO THE HUTCHINSON PROCUREMENT AGENT UPON RECEIPT OF THE DELIVERY ORDER, IN ORDER TO FIND SOLUTIONS TO MEET NEEDS OR SEARCH FOR A COMPROMISE.

5. COMMUNICATION METHODS / EDI

For open order provisioning, Hutchinson's policy is to require information to be exchanged via EDI (electronic data interchange).

This approach results in increased productivity and reliability for both parties. It also improves traceability. The EDI standards used in the automotive industry are those detailed in the GALIA - ODETTE standards.

The supplier provides the contact details for the person who will work together with Hutchinson's specialist EDI staff. A series of validation tests run by Hutchinson EDI staff is required before use of the system begins.

Otherwise, the presentation by the supplier of an action plan, detailed schedule and commitment is imperative.

For closed orders and in the transitional phase towards open orders, Hutchinson may send suppliers schedules in paper format by email.

KANBAN CALL-OFFS AND WITHDRAWALS FROM CONSIGNMENT STOCK WILL ONLY BE SENT TO THE SUPPLIER BY EMAIL OR FAX (NOT BY EDI).

The EDI exchange standard communication modes used by the supplier are those defined in the SLogP Logistics Protocol.

6. FORECASTS / CAPACITIES / FLEXIBILITY

6.1 Supplier capacity

When the project starts, a capacity requirement may be sent to the supplier, including:

- **An upper monthly demand according to project forecasts**
- **The time required to arrive at maximum capacity**

The supplier undertakes to have an average capacity available in relation to the volume requested in the approval project.

From the provisioning schedules sent to it, the supplier will analyze its capacity resource needs (tools and machines) in order to monitor changes in Hutchinson's call-offs.

Upon request from Hutchinson, the supplier will send a summary of available capacity per reference (number of direct labor teams, use of weekend working, etc.). A capacity audit exercise may be organized by Hutchinson, if necessary

.

This capacity agreement is the one defined in the SLogP Logistics Protocol.

IT IS THE SUPPLIER'S RESPONSIBILITY TO ALERT HUTCHINSON AS SOON AS POSSIBLE IN THE EVENT OF A ONE-OFF OR PERSISTENT CAPACITY PROBLEM.

6.2 Supplier back-up stock

at the request of the Hutchinson buyer and for certain raw material or component references, suppliers must have a back-up stock available to cover a Hutchinson consumption period (x days of CMJ).

This supplier back-up stock agreement (location / number of days / CMJ calculation period / rotation frequency) is the one defined in the SLogP Logistics Protocol.

THE SUPPLIER UNDERTAKES TO ADVISE HUTCHINSON OF ITS BACK-UP STOCK LEVEL ONCE A MONTH.

6.3 Supplier holiday periods

The supplier will manage its non-production periods, e.g. summer holidays, by anticipating Hutchinson's requirements, in order to ensure that this period is covered.

Where public holidays occur during the week, the supplier will contact Hutchinson where it is necessary to re-confirm the delivery day.
For holiday periods, the supplier will agree with the Hutchinson procurement agent specific delivery weeks and/or days, where necessary.

IT IS THE SUPPLIER'S RESPONSIBILITY TO ORGANIZE ITSELF TO HONOR ITS SCHEDULE COMMITMENTS TO HUTCHINSON.

6.4 End of life

Hutchinson is committed to supplying replacement parts for a minimum of 10 years after series production ceases.

The management parameters for the end of series production and the supply of spare parts will be negotiated between the Hutchinson buyer and the supplier on a case by case basis.

In such situations, it will be necessary to review the parameters defined in the SLogP.

7. TRANSPORT

Hutchinson uses the International chamber of Commerce's Incoterms 2010.

If the volume and type of references delivered so requires, a milk run may be necessary, for which Hutchinson will be responsible.

Reminder: In cases where all or part of the transport is undertaken by Hutchinson, a Transport Convention (T.C.) will be established.

The transport liability and the Incoterm are those defined in the purchasing contract and repeated in the SLogP Logistics Protocol.

WHEN THE SUPPLIER DOES NOT MEET ITS COMMITMENTS UNDER THE TRANSPORT CONVENTION (T.C.) RESULTING IN AN ADDITIONAL COST FOR HUTCHINSON, HUTCHINSON RESERVES THE RIGHT TO PASS THE COST ON TO THE SUPPLIER.

EXAMPLE:
- ✓ GOODS NOT READY TO BE LOADED AT THE AGREED TIME
- ✓ VOLUME RESERVED AND PAID FOR BY HUTCHINSON NOT USED.

For each product, the supplier will be informed of the place of delivery and the Hutchinson unloading point consuming the product.

Except in cases of force majeure and with Hutchinson's agreement, delivery must be made to the delivery points specified or the goods may be refused.

The transport company engaged by the supplier must sign, jointly with the Hutchinson delivery site, a loading / unloading safety protocol, so that deliveries can be made in complete safety.

Pallets will comply with the necessary stacking characteristics for transport. Loading will be done in accordance with industry practice. It is the supplier's responsibility to take all measures necessary to ensure the integrity of staff likely to handle the proposed packing, from the unloading of the lorry through to consumption of the product on the production line.

The supplier must ensure that loading and unloading at the dock are done from the rear of the lorry unless otherwise specified (Supplementary Logistics Standards, Orders, etc.). **No concession will be granted without prior agreement.**

The supplier must take all appropriate measures to ensure that delivery quality is maintained over time, and in all cases the integrity of the product. All shipments will be made by lorry or container.

The delivery locations and unloading points are those defined in the SLogP Logistics Protocol.

IN THE EVENT OF LATE DELIVERY, THE SUPPLIER WILL USE APPROPRIATE MEANS OF TRANSPORT (TAXIS, AIR SHIPMENT, ETC.) TO DELIVER TO HUTCHINSON, WHATEVER THE INCOTERM APPLICABLE.

ITS OBJECTIVE MUST BE NOT TO BE THE CAUSE OF A PRODUCTION STOPPAGE AT HUTCHINSON.

8. GOODS IN / ADVICE NOTE

8.1 Shipping note - AVIEXP

As with the transmission of provisioning schedules, it is a Hutchinson requirement that shipping notes (AVIEXP) are sent via EDI.

At the moment goods leave for Hutchinson, the supplier will send an image of the delivery note via a "DESADV" message.

This message will comply with the EDI exchange standard validated by both parties and include the Hutchinson order information and the supplier's label numbers. It must be completely consistent with the actual content of the shipment.

The AVIEXP will be sent within a maximum of one hour of the lorry's departure.

If the plant is less than one hour away, the shipper must send the message soon enough, so that Hutchinson receive it before the goods arrive.

If a technical problem prevents the transmission of the AVIEXP or, due to a concession, the supplier is not equipped with EDI, a fax or email must be sent, containing the following information.

- The product codes
- The delivery note number
- The supplier code (COFOR)
- The product names
- The Hutchinson delivery order number.
- The quantity delivered.

The communication modes and EDI exchange standards used by the supplier are those defined in the SLogP Logistics Protocol.

8.2 Delivery documents

Every delivery from the supplier must be accompanied by:

- **A delivery note (complying with the GALIA / ODETTE) standard, containing at least the following information:**
  - Name and address of the supplier shipping the goods
  - The supplier's code (COFOR)
  - Name / address of the Hutchinson delivery site
  - The unloading points
  - The Hutchinson order no.
  - The Hutchinson article number and description
  - The quantity delivered
  - The number of UC and UM labels making up the delivery
  - Net and gross weights
- **Transport document.**
- **Any customs document.**
- **Certificate of analysis, quality or conformity, if required by the order or the SLogP**

The delivery documents specified are those defined in the SLogP Logistics Protocol.

IN THE EVENT OF FAILURE TO COMPLY WITH THESE RULES, HUTCHINSON RESERVES THE RIGHT TO REFUSE THE GOODS DELIVERED BY THE SUPPLIER.

8.3 Receiving times

Receiving times are those defined in the SLogP Logistics Protocol.

As part of establishing a Transport Convention **(T.C.),** receiving time slots will be defined jointly by Hutchinson the supplier and the transport company.

GOODS WILL NOT BE RECEIVED OUTSIDE THESE TIMES, EXCEPT BY PRIOR AGREEMENT.

8.4 Delivery day / time

Depending on the type of item and the supplier, a specific delivery day will be agreed with the supplier.

The concept of frequency and delivery days will be taken into consideration, when issuing Hutchinson provisioning schedules.

Delivery days and times are those defined in the SLogP Logistics Protocol.

8.5 Inspection upon receipt

Goods received will be subject to inspection:

- **Compliance of transport documents.**
- **Compliance of supplier delivery notes.**
- **Compliance of packing lists.**
- **Compliance of identification.**
- **Compliance of packages with the provisions in the article sheet in the SLogP.**
- **Compliance with the palletization rules in the data sheet in the SLogP.**

It is the receiver's responsibility to point out any anomaly concerning the condition of the packages or shortages in relation to the quantity stated on the transport document and to immediately issue all reservations against the transport company as required under article L.133.3 of the Commercial Code.

He/she will immediately inform the supplier.

DEPENDING ON THE NATURE OF THE NON-COMPLIANCE, DELIVERIES:

➔ **MAY BE REFUSED**

➔ **MAY BE SUBJECT TO RESERVATIONS ISSUED ON THE TRANSPORT COMPANY AS REQUIRED BY THE COMMERCIAL CODE**

➔ **MAY BE SUBJECT TO A NON-COMPLIANCE SHEET WITH A REQUEST FOR A CORRECTIVE ACTION PLAN (DOCUMENT 8D) AND THE FINANCIAL PENALTIES SPECIFIED, BY APPLICATION OF THE RULES CONTAINED IN THE HUTCHINSON QUALITY MANUAL (SQUALM).**

9. PACKING / LABELLING

9.1 General packing rules

● Quantity

The quantity per package must aim to be as close as possible to the maximum forecast CMJ. The supplier may suggest several sub-packages within a single main package, so long as they are all correctly identified. The filling coefficient of packages must be between 90 and 100% of the usable volume.

● Weight

The maximum weight per manually handled package is 12kg. Any proposed deviation is subject to prior agreement.

● Stackability

With a view to reducing the cost of transport, it must be possible for the proposed packing to be stacked during transport.

● Standards to be applied to carton packaging

The automotive industry has collectively established a standard for corrugated cardboard packaging. The standard applicable in Europe is:

- ✓ **GALIA EMB1**
  - ❖ this standard state the outside dimensions.
  - ❖ It states the RCV.

Any proposed corrugated cardboard packing must comply with the GALIA standard. It is the supplier's responsibility to ensure that its own suppliers of corrugated cartons are familiar with and comply with the GALIA standard.

Packages must be sealed by gluing or adhesive tape or clips; staples and metal closures are not permitted. For safety reasons when opening, "American case" type cartons that close using flaps are not permitted.

The data relating to the packing of delivered parts are those defined in the Item card.

9.2 Definition of packing

Packing (packages, dividers and other) are defined jointly by the supplier and Hutchinson at the point when the product is defined. Hutchinson may ask the supplier for a returnable or reusable packing proposal, depending on constraints.

THE APPROVAL BY THE QUALITY DEPARTMENT OF PRE-PRODUCTION ITEMS INCLUDES THE APPROVAL OF THE PACKING ASPECT IN THE ARTICLE SHEET IN THE SLOGP LOGISTICS PROTOCOL.

PACKAGING RULES APPLY FROM THE POINT PRE-PRODUCTION ITEMS ARE DELIVERED (TYPE OF PACKING / QUANTITY PER PACKING UNIT / IDENTIFICATION OF THE PACKING).

The supplier must comply with the rule of a single product reference per packing unit and each packing unit must be complete.

It will deliver products in packages which are clean and in good condition. The packing proposed by the supplier must meet the constant concern of protecting and preserving products all along the transport, handling and storage chain, particularly protection against impacts and corrosion, where the product so requires.

It is the supplier's responsibility to propose packing meeting the above requirement.

In this respect, the supplier may propose any packing accessories which it deems appropriate within the limit of those approved by Hutchinson.

9.3 Modifications to packing

The article sheet completed by the supplier is subject to joint approval by Purchasing and Supply Chain.

In the interests of uniformity between plants in a single Hutchinson Division, the item card joined to the SLogP logistics protocol must be common to all Hutchinson plants in the same geographical division (Asia / Europe / NAFTA / Mercosur).

ALL REQUESTS FOR MODIFICATION MADE BY HUTCHINSON AND/OR THE SUPPLIER MUST BE FORMALIZED USING THE ARTICLE SHEET AND ONLY THE ITEM CARD.

9.4 Reusable packaging

The policy in place in a good number of Hutchinson plants is to use only reusable packaging in its workshops. The applicable GALIA standards for reusable packaging are:

- ✓ **EMB9 or EMB10**

Reminder: In cases where the packaging defined is required to be reusable, a Packaging Convention (P.C.) will be established.

For each reusable packaging type, Hutchinson and the supplier will produce a specification for it, the quantity required and who owns it. The calculation of the quantity required will take into consideration volumes, frequency, lead times and backup stocks.

The rules and responsibilities for the return of empty reusable containers are those defined in the SLogP Logistics Protocol and detailed in the Packaging Convention (P.C.).

Where wood packing is used, international phytosanitary rules (IPPC) must be followed, in particular NIMP15.

The maintenance and washing of reusable packages/dividers are the responsibility of the owner. The volume of single use packing accessories (separators, dividers, bags, etc.) will be the supplier's responsibility.

Packaging owned by Hutchinson will be used exclusively for journeys between Hutchinson and the supplier. Using them for other purposes is prohibited (movements with other suppliers or customers, sundry other use by the supplier, etc.). Hutchinson may carry out on-site audits at any moment to check that packaging is being used correctly. Damaged Hutchinson packaging must be declared and made available to the customer site for repair and replacement.

Packaging stock control and provisioning is the responsibility of the owner. In cases where packing is made available by Hutchinson, the supplier will keep an up-to-date computerized record of packing received/dispatched and will send it to Hutchinson for stock taking purposes at a frequency to be established by the parties.

The supplier is free to carry out an inventory of its reusable packaging on Hutchinson sites. This stock-take must take place during opening hours agreed with Hutchinson staff and in their presence. Suppliers' reusable packaging must be identified with a company-specific marking, visible when it is folded or disassembled.

For each reference packed in reusable packaging, substitute packing will be defined. It is the supplier's responsibility to ensure that the quantity of packaging available to it is enough to meet forecast needs. If necessary, it will take steps to procure the necessary additional quantity or request a written concession from Hutchinson to use previously defined substitute packaging.

Substitute packing is that defined in the Item card.

9.5 Palletization rules

Palletization will comply with the following rules:

- **All packages delivered must be on pallets.**
- **The palletized load should preferably contain only one product reference.**
- **Pallets used will comply with GALIA specifications.**
- **Where possible, the supplier should put together pallet-loads which can be stacked (transport-optimized).**
- **Standard NIMP15 applies to wood pallets.**
- **The supplier must give preference to banding over stretch wrapping.**

Palletization agreements are those defined in the Item card.

ACCEPTABLE LIMITS - DIMENSIONS / HEIGHTS / WEIGHT PER PALLET - ARE DEFINED IN THE SLOGP LOGISTICS PROTOCOL.

The rules in the GALIA/ODETTE standard are re-stated below:

- UC = Packing unit
- UM = Handling unit
- A packing unit comprises a single lot.
- An UM comprises "x" UCs.

If an UM could be confused with a UC, it is the UC identification rules which should be used.

9.6 Labelling UCs and UMs

All UC and UM packing must be identified with a label.

LABELLING CONFORMITY IS AN INTEGRAL PART OF THE APPROVAL OF E.I.S

HUTCHINSON'S REQUIREMENT IS THAT AUTOMOTIVE INDUSTRY STANDARDS ARE COMPLIED WITH (GALIA / ODETTE) WITH THE SUPPLIER'S PRODUCTS BEING BAR CODE LABELLED.

FOR MORE INFORMATION, THE SUPPLIER SHOULD GO TO THE *WWW.GALIA.COM* SITE.
LABEL NUMBERS WILL ENSURE TRACEABILITY BY THE SUPPLIER.

WHERE POSSIBLE, NUMBERS WILL BE CONSECUTIVE.
BATCH NUMBERS WILL BE STATED ON LABELS.

Unless "**Supplementary Logistics Standards**" on the subject are stated in the**SLogP**, the labelling of UCs and UMs must comply with the GALIA standard or, via a concession, include at least the following information:

- ***Packing unit (UC)***
- Unique identification no. (re-stated to ensure traceability)
- The production dates
- Hutchinson product reference and description
- Supplier's product reference
- Quantity in the unit
- UC batch no.
- AQP statement if the reference is considered as subject to it by Hutchinson and the supplier.

UC labels, once the pallet is built, must be visible and readable by a bar code reader (stuck to the long side of the packing).

Labels may be stuck to one-way packaging (cartons, wood cases, drums, bags).

No label should be stuck directly on reusable packaging.
For reusable packaging, the supplier must use:

- ✓ The label holder intended for the purpose
- ✓ As a concession, plastic adhesive labels which are easily removable without leaving a glue residue.

- ***Handling unit (UM)***
  - Unique identification no.
  - Date UM created
  - Name and address of consignee
  - Name and address of shipper
  - Order no.
  - Hutchinson product reference and description for the UM where it is uniform
  - UM Net and gross weights
  - Number of UCs in the UM
  - Quantity contained in the UM where it is uniform

Every handling unit must be identified. This identification may be merged with the package label where the package (UC) is the same as the handling unit (UM).

No label should be stuck directly on reusable packaging.
For reusable packaging, the supplier must use:

- ✓ The label holder intended for the purpose
- ✓ As a concession, plastic adhesive labels which are easily removable without leaving a glue residue.

THE SUPPLIER MUST ENSURE THAT THE LABEL FIXING METHOD AND LABEL VISIBILITY ARE MAINTAINED UP UNTIL DELIVERY.

10. MEASURING LOGISTICS PERFORMANCE

1.

10.1 Calculating the supplier delivery rate

Hutchinson measures its suppliers' supply chain performance. The results of this performance are considered in the supplier overall performance assessment indicator.

Its performance will be measured according to the Hutchinson HUT DQ G05 standard. Monthly monitoring called the "Supplier Delivery Rate" is put in place.

The target delivery rate is identical for all suppliers and all products.

However, in certain cases where a concession is granted, a specific objective may be determined with the supplier.

Supplier Delivery Rate calculation formula

Calculation for each delivery line:

$$\text{Delivery rate} = \frac{\text{Number of lines received 100\% correct for quantity and delivery date}}{\text{Number of lines received and / or expected}}$$

We wish to draw the attention of the suppliers that not respecting the delivery date will penalize them twice as the denominator takes in account both expected and effective delivery dates.

A GOOD DELIVERY for a supplier is one made on time (neither early nor late), comprising the part or product stated on the order, in the quantity stated on the order.

It is understood that it must be delivered to the address stated on the order. If one of these conditions is not met, the supplier's delivery is not considered as good. However, for certain types of product, compliance leeway may be defined for quantities and delivery dates.

Example:

Quantity good = Qty received ±x% of the quantity ordered
Delivery date good = Delivery date ±x days from the required delivery date

Expected date	Effective delivery date	Delivery day Flexibility : + or - 1 day	Upfront - delayed delivery	part N°	Expected quantitiy	Received quantity	Variability tunel in the packaging as specified in the Item card	Tunel lower limit for parts in packaging	Tunel higher limit for parts in packaging	OTD
05/01/2019	05/01/2019	+/- 1 jour	0	A	100	100	0%	100	100	100%
05/01/2019	05/01/2019	+/- 1 jour	0	B	50	50	0%	50	50	100%
12/01/2019	13/01/2019	+/- 1 jour	+1	A	100	100	0%	100	100	100%
12/01/2019	11/01/2019	+/- 1 jour	-1	B	20	20	0%	20	20	100%
12/01/2019	14/01/2019	+/- 1 jour	+2	D	300	300	0%	300	300	0%
13/01/2019	13/01/2019	+/- 1 jour	0	A	0	20	0%	0	0	0%
15/01/2019	15/01/2019	+/- 1 jour	0	E	200	195	5%	190	210	100%
15/01/2019	15/01/2019	+/- 1 jour	0	F	70	50	5%	67	74	0%
20/01/2019	20/01/2019	+/- 1 jour	0	C	500	600	0%	500	500	0%
27/01/2019	27/01/2019	+/- 1 jour	0	C	500	400	0%	500	500	0%
29/01/2019	29/01/2019	+/- 1 jour	0	B	50	50	0%	50	50	100%
Cum OTD										55%

The purpose of the delivery rate and any acceptable leeway in terms of quantities delivered and delivery date are those defined in the SLogP Logistics Protocol.

Every month, the monthly Suppliers' OTD is calculated by each Hutchinson plant. It is available to all suppliers on the IVALUA portal.
It is under the responsibility of the supplier to connect in order to get their OTD. Should the suppliers want to have the OTD detail, they need to ask their usual Hutchinson procurement contacts. Hutchinson gives the opportunity to the suppliers to ask for depenalization if they bring evidences. This depenalization request period is defined by a calendar issued and available on demand at the beginning of each year.
Outside this period, no demand will be accepted for the past.

In addition to the delivery rate, and to meet the requirements of IATF 16949, the following nonconformities are monitored:

- ***Non-compliance with packing rules.***
- ***Non-compliance with palletization rules.***
- ***Non-compliance of EDI messages.***
- ***Break in the chain in Hutchinson plants due to supplier delays***
- ***Use of special transport arrangements to make up for delays.***

10.2 Supplier logistics assessment

Hutchinson expects a level of logistics maturity from its suppliers.

The ODETTE association's "MMOG/LE" will be the reference document for logistics audits. Hutchinson requires at least the V4 Basics reference base. The use of the "Full" version of the reference base is left to the supplier's initiative.

The supplier must carry out an objective self-assessment once a year against this reference base and communicate the results to Hutchinson. Depending on the assessment level obtained, the supplier will put together an action plan and present it to Hutchinson.

Hutchinson also reserves the possibility of carrying out inspection audits, where it deems it necessary.

A potential supplier, whose appointment is in the process of being decided on by Hutchinson, could be asked to carry out an initial self-assessment logistics audit and present the results to Hutchinson.

The supplier is required to monitor its client delivery rate with Hutchinson.

Lastly, Hutchinson will ask each supplier to appoint a person responsible for logistics, whose duties, among others, will include defining a strategic vision for logistics and driving continuous improvement.

Note: Depending on the country, the bodies authorized to offer training on MMOG/LE V4 are:

- *GALIA, VDA, ODETTE (Europe)*
- *SMMT (UK)*
- *SNECI (PECO)*
- *QUAD (USD)*

WHERE THE SITUATION REQUIRES, HUTCHINSON RESERVES THE RIGHT TO SET UP SUPPLIER SUPERVISION IN ORDER TO CLOSELY MONITOR ITS ACTION PLANS.

11. HANDLING LOGISTICS INCIDENTS AND NON-COMPLIANCES

11.1 Obligation to provide information

In the event of uncertainty or it not being possible to meet a commitment, the partner in difficulty will inform the other. In the event of modification by the supplier of lead times or quantities issued by Hutchinson, the supplier will ensure that Hutchinson is aware of these new conditions and has accepted them.

Unless agreed in writing by Hutchinson, the modification by the supplier of lead times and/or the required initial quantities is deemed unacceptable.

11.2 Transmission of information

The partners agree to use any means of communication where the intended means is not available.

11.3 Handling incidents

- **Quantity / lead time**

Any discrepancy with the accepted delivery order will be subject to written authorization prior to shipment. Hutchinson must be supplied with a catch-up plan in respect of delays.

- **Packaging/Labelling**

The supplier must advise Hutchinson if it is not possible to comply with the packing specified in the **SLogP Logistics Protocol.**

- **Transport**

If an incident occurs, the partner responsible for transport will inform the other one as quickly as possible. Reservations will be issued for any anomaly upon receipt; the delivery may even be refused.

In a general sense: The supplier must alert Hutchinson if it is not possible to deliver its orders, whatever the reason:

- **EDI problems**
- **Provisioning program in excess of the supplier's capacity**
- **Not possible to deliver firm orders**
- **Packaging shortage or problem (non-compliance with the logistics protocol)**
- **Transport company delay**
- **Non-compliant product**
- **Etc. (list not exhaustive).**

WHERE IT IS THE SUPPLIER, WHICH IS PROVEN TO BE RESPONSIBLE, IT WILL BE REQUIRED TO PAY THE COST OF RETURNS OR RE-DELIVERY, AS WELL AS ANY ASSOCIATED ADDITIONAL COSTS.

(STOPPAGE IN THE END CUSTOMER'S INTERNAL CHAIN, SORTING, RE-PACKAGING, ETC.).

ANY INCIDENT MAY RESULT IN THE ISSUE OF A NON-COMPLIANCE SHEET WITH A REQUEST FOR A CORRECTIVE ACTION PLAN (DOCUMENT 8D) AND THE FINANCIAL PENALTIES PROVIDED FOR, BY APPLICATION OF THE RULES CONTAINED IN THE HUTCHINSON QUALITY MANUAL (SQUALM).

12. RISK PREVENTION PLAN - Security of provisioning

It is the supplier's responsibility to establish a risk prevention plan in accordance with recommendations from the Hutchinson purchasing department.

The supplier will carry out a detailed analysis of the risks and critical points for each of its production and logistics sites which could influence the continuity of its deliveries to Hutchinson.

If so requested, the supplier must provide access to the plan to Hutchinson representatives.

In the event of problems which could cast doubt on compliance with delivery schedules, it is the supplier's responsibility to inform its purchasing and logistics contacts immediately.

GLOSSARY

●**AIAG**: Automotive Industry Action Group founded by Chrysler, Ford Motor and General Motors. This is a grouping of automotive manufacturers, equipment suppliers and service companies that work together to develop standards for the automotive sector and perfect harmonized commercial practices.

●**SQA:** Supplier quality assurance

●**PQA**: Product quality assurance

●**AVIEXP / A.S.N**: Dispatch note sent by EDI.

●**B.L**: Delivery note

●**Cadence**: Quantity of product required on a given date.

C.B.N: Net need calculation

C.D.P: Cost of production

C.H.S.C.T: Health, safety and working conditions committee.

C.M.J: Average daily consumption, calculated over a period (in working days)

Open order: Generic order valid for the entire duration of a purchasing contract and supplemented by periodic delivery schedules (Cadences / Date).

Closed order: Standard order sent according to needs. It contains all the elements of an official purchase order (reference / quantities / prices / delivery dates / payment conditions / etc.

DELFOR: Delivery forecast message supplying short-term delivery needs and/or long-term forecasts

DELJIT: Firm delivery requirement message stating short-term delivery needs in just-in-time mode

D.L.S: Additional delivery requirement.

E.D.I: Electronic data interchange

E.I: Initial samples - first parts manufactured using production equipment, for quality / initial samples approval.

F.T.L: Flux Tirés Lissés / Levelled Pull Flow

H.D.S: Système de développement HUTCHINSON / HUTCHINSON Development System

GALIA: Groupement pour l'Amélioration des Liaisons dans l'Industrie Automobile. This association's aim is to develop standards and recommendations for physical and IT exchanges between partners in the automotive industry.

INCOTERMS: Standardised commercial terms used to define the "rights and obligations" of buyers and sellers involved in national and international transactions

KANBAN: Consumption label

M.P.S: Programme Directeur de Production / Master Production Schedule

ODETTE: Organisation for Data Exchange by Teletransmission in Europe. Odette International is an organization formed by and for the automotive industry. Its sets standards in the areas of electronic commerce, engineering and logistics.

P.C: Convention Emballages / Packaging Convention

S&OP: Plan Industrial et Commercial / Sales & Operations Plan

Pre-series: manufacture using the final industrial tools and resources but in small numbers

Prototypes: parts produced prior to the approval of production equipment.

R.F.Q: Demande de cotation fournisseur / Request For Quotation

R.C.V: Resistance to vertical compression

SLogM: Manuel Logistique Fournisseurs / Suppliers Logistics Manual

SLogP: Protocole Logistique Fournisseurs / Suppliers Logistics Protocol

SQuaM: Manuel Qualité Fournisseurs / Suppliers Quality Manual

S.P: Plan d'approvisionnement lissé / Supply Plan

T.C: Convention Transports / Transport Convention

Production takt Time: Production consumption speed

Delivery batch size: Minimum delivery from a supplier. / DeliveryBatch

Production batch size: Supplier's minimum production batch. / Production Batch

U.A.P. Autonomous production unit

U.C: Packing unit

U.M: handling unit.

V.D.A: Verband Der Automobilindustrie. VDA is an association which promotes the interests of the German automotive industry both nationally and internationally.

Series life: Manufacture using the final industrial tools and resources at full speed.