



CONSIGNMENT PROCESS EUROPE

A DRIVE FOR INNOVATION

CONSIGNMENT DEFINITION

1

Consignment contract is a special agreement stating that materials are owned by the Supplier while they are in transit and also while they are stored physically at the ZF LIFETEC location (warehouse).

2

Consignment contract does not change piece price or payment term but only **modifies the ownership transfer point**. Transfer of ownership takes place when the parts are pulled out from storage for consumption and this moment is the trigger for the payment term.

3

Consignment **does NOT apply for very low runners and spare parts**

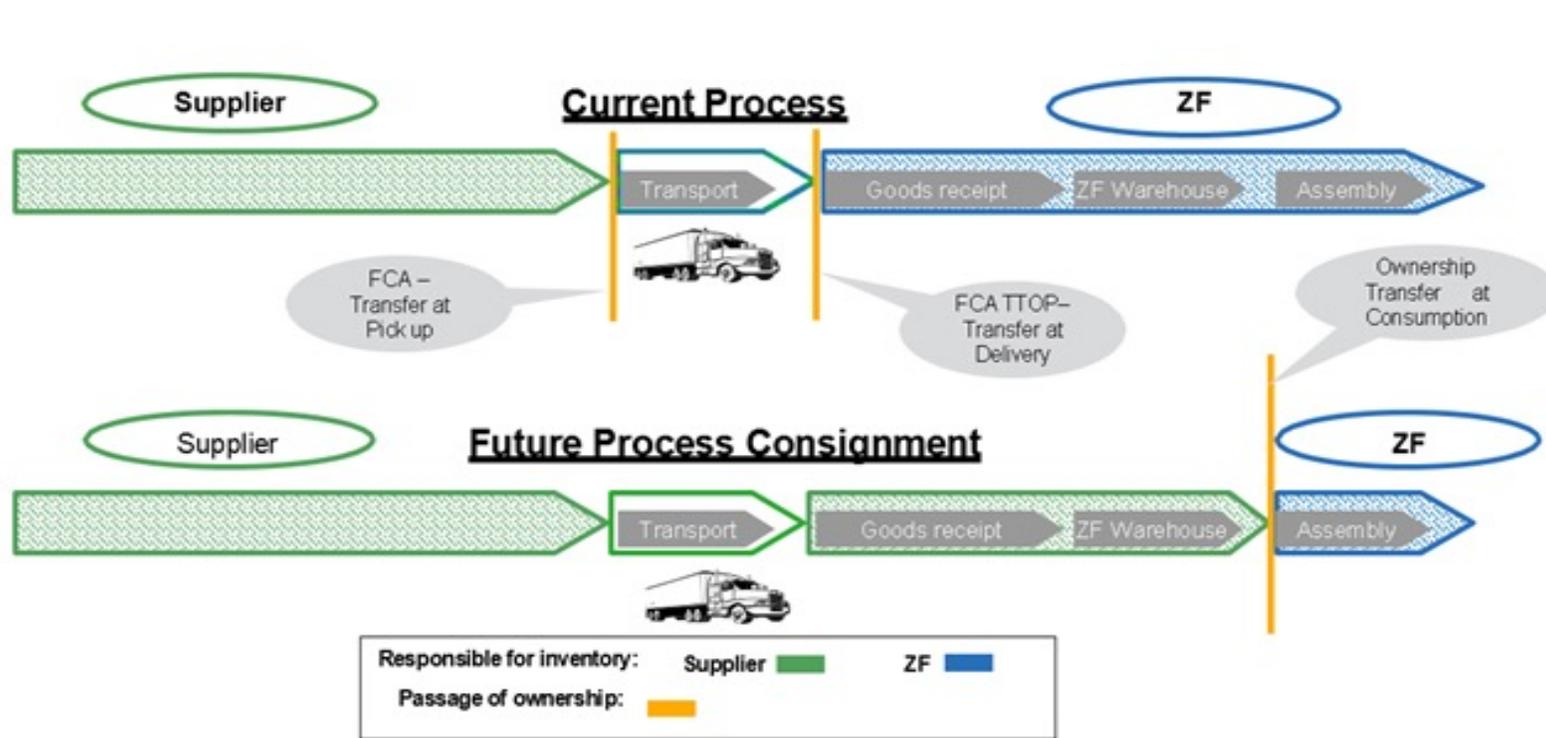
4

Consignment strengthens the relationship between Suppliers and ZF LIFETEC and it **is a mandatory process for strategic supplier status**. It is also a mandatory requirement for the ZF Sourcing Decision Board.

5

Consignment **is independent of Incoterms** : either DAP or FCA can be used. However, **Consignment and TTOP agreement may NOT be combined in the same purchase order** not to create a legal risk → If Consignment agreement is reached in a later stage for a TTOP Supplier, the new PO will be created with the standard FCA Incoterm (without TTOP)

OWNERSHIP TRANSFER POINT



FCA / FCA
TTOP

Ownership of material changes when ZF LIFETEC picks the parts up at the supplier location (FCA) or at delivery at ZF LIFETEC location (FCA TTOP)

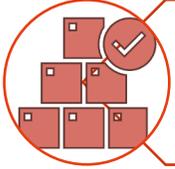
Consignment

Ownership of material changes when ZF LIFETEC consumes the stock (parts are moved from warehouse to production area)

Insurance for consignment goods

- During transport (applicable for FCA INCOTERM): ZF LIFETEC does have insurance coverage for goods in transport. This coverage also includes goods of third parties (suppliers) where ZF LIFETEC is responsible to take out insurance for the supplier's interest
- During storage : the goods in consignment are covered under ZF LIFETEC Property All Risk Insurance program

CONSIGNMENT PROCESS



The Supplier continues to deliver based on the schedule releases provided by ZF LIFETEC under the same INCOTERM (but TTOP will be removed if previously agreed). Stock levels are managed by ZF LIFETEC.



Consigned Goods will be held at a ZF LIFETEC Facility or ZF controlled warehouse, stored separately from non-consigned inventory where feasible. In any case consigned inventory will be identifiable and electronically segregated in the SAP system.



Upon prior notification the Supplier may inspect the Goods during normal business hours and assess their state and proper storage. Physical inventory will be performed 1 time / year (quantity check only).



ZF LIFETEC will be providing the Supplier with **Consignment withdrawal & stock reports** via EDI (VDA or EDIFACT standard) or via e-mail on a regular basis (**usually 1 time / week**)



Invoices are issued for the withdrawn quantities. There are 2 possibilities (depending on ZF LIFETEC plant) :

- Supplier provides the Invoice to ZF LIFETEC Accounts Payable
- Self-billing. In this case ZF LIFETEC will issue the Invoice and send it via e-mail (or EDI) to the Supplier

NOTE : A call between Supplier and ZF plant SCM will be organized for presenting in detail the process and clarify all doubts.

CONSIGNMENT WITHDRAWAL REPORT

Transmission mode	Automatically via email Valid Supplier email address must be set up in ZF LIFETEC system.	Automatically via EDI An onboarding web request must be submitted by corresponding ZF LIFETEC location for onboarding the supplier for the below electronic processes : <ul style="list-style-type: none"> ➤ Credit Notes for Consignment ➤ Stock Movements for Consignment Pre-requisites : Delivery Schedules and Delivery Notes (ASN) already set-up. Supplier's IT support will be needed for the setup and testing of these processes.
Transmission frequency	Weekly (as standard)	Weekly (as standard)
Transmission content	the template used by European ZF LIFETEC plants includes transactions from the last 7 days: Receipts, Withdrawals, Stock <i>example provided in the next page</i>	Global EDIFACT INVRPT / VDA 4990 zf.com/apps/supplierboard/index.html?cluster=DB-5&saml2=Disabled

WITHDRAWAL REPORT EXAMPLE

Withdrawals report from consignment stock						
TRW Automotive Safety Systems SRL ; Macin nr. : 300137 ; TIMISOARA						
Commercial invoice should be issued with a date not later than 7 days from withdrawal dty.						
Report in date period: 07.10.2025 to 14.10.2025						
Supplier : Demo Injection S.A.S. 201 rue Isaac Newton FR 60230 Chambly Supplier no: 159529						
Part-number : 629503558		Parts on stock on 07.10.2025 :		4.032 EA		
Description: Inel Segru Porsche		Available stock :		7.056 EA		
SA Number: 5500238604						
Introducing on stock :			Withdrawals from stock :			
Proforma invoice / Delivery note	Introduce date :	Delivered quantity:	Withdrawals date:	Withdrawn from stock	Withdrawals document no.	Text
70988-FR	08.10.2025	3.024	07.10.2025	252-	2445377471	
			07.10.2025	252-	2445438711	
			07.10.2025	252-	2445475770	
			08.10.2025	504-	2445535016	
			08.10.2025	504-	2445578056	
			08.10.2025	252-	2445656220	
			09.10.2025	504-	2445728906	
			10.10.2025	252-	2445889816	
			10.10.2025	504-	2445947081	
			10.10.2025	252-	2445947238	
			10.10.2025	252-	2445947291	
			11.10.2025	252-	2446004396	
			13.10.2025	252-	2446172158	
			13.10.2025	252-	2446172227	
			13.10.2025	252-	2446187916	
			13.10.2025	252-	2446215153	
			13.10.2025	252-	2446215226	
			13.10.2025	252-	2446215232	
Total:		3.024	Total:		5.944-	
			Stock after withdrawals:		1.512	

INVOICING & PAYMENT PROCESS



Depending on the ZF LIFETEC plant, one of the following methods will be used :

Supplier Invoice	Self – billing note
issued by Supplier based on the weekly Withdrawal report; the period corresponding to the withdrawal report must be specified on the invoice	issued by ZF for the quantities withdrawn in the previous week The Self-billing notes are sent automatically by email in a .pdf format.



Payment Term starts when the parts are withdrawn, and the Invoice is issued.

Payments' frequency = 1 / week

Payments details (Payment Advice) are sent to Suppliers in .pdf form via automatic email.

SELF BILLING DOCUMENT & PAYMENT ADVICE

ZF Automotive Germany GmbH



ZF Automotive Germany GmbH
Industriestraße 20
D-73553 Alfdorf
Telefon: + 49 (0) 7172.302.0
Telefax: + 49 (0) 7172.302.1233

Consignment stock accounting (Gutschrift)

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Document no. / Date: 1900750319 / 21.04.2023
Your vendor number in our co.: 139935
Our customer no. in your co.:
Our tax ID number: DE115507197
E-mail address: Alfdorf-AP-ESSC@ZF.COM

Currency: EUR
Your tax ID number: DE217029567
Your foreign tax ID no.:

We have settled the following material withdrawals from your consignment stock:

Date	MovTy	Qty	Unit	TaxC	Net value in EUR
Settlement items for plant: 118A, ZF Automotive Germany GmbH, 73553 Alfdorf, Brühlweg 28					
Material: [REDACTED]					
	51,93 / 100 EA		17.058		8.858,23
			17.058 EA		8.858,23
Material: [REDACTED]					
	63,43 / 100 EA		101.411		64.325,01
			101.411 EA		64.325,01
Total net value					73.183,24
19 % domestic input tax (V1)					13.904,82
Total					87.088,06

Terms of payment: Related to 21.04.2023:
within 60 days Due net

TRW Automotive Safety
Systems S.R.L.
Macinului Street 16
RO-300137 Timisoara

Supplier details

Payment advice

Document / Date
1600142814 / 01.09.2025
Our accounting clerk
phone:
fax:
eMail:
timisoara.ap-essc@zf-lifetec.com

Your account with us

Dear Sir/Madam,

We have cleared the items listed below with document 1600142814.

Document	Your document	Date	Cash discount	Gross amount
1900108821	FT2025A18/92	14.05.2025	0,00	12.076,78
1900108853	FT2025A18/93	16.05.2025	0,00	14.850,91
1900108912	FT2025A18/99	23.05.2025	0,00	11.857,99
1900108993	FT2025A18/103	30.05.2025	0,00	12.078,38
5109797315	FT2025A18/99	23.05.2025	0,00	0,04-
5109813780	FT2025A18/103	30.05.2025	0,00	0,03
5109920600	NC2025A104/33	08.08.2025	0,00	10,56-
Sum total			0,00	50.853,49

CONSIGNMENT CONTRACT **TEMPLATE**

Since 01.09.2024 there is a **unique template for all regions**

The contract clauses are carefully drafted so that they **comply with all tax, accounting and legal requirements**. For this reasons:

- There are clauses that cannot be changed or introduced (e.g. "obligation to buy") as this would disqualify the contract from being considered a "consignment agreement" by any auditor.
- Supplier may address his concerns after reading the contract to the Commodity buyer or SCM Central contact. Some concerns may be eliminated by a better explanation of the contract wording. The remaining ones will be checked with the appropriate ZF LIFETEC functions (Legal, Tax, Accounting, Plant SCM) to determine if supplier's amendments / changes are acceptable for ZF LIFETEC or for proposing an alternative acceptable wording for satisfying supplier's concerns . All agreed amendments / changes (as few as possible) must be listed in a Side letter clearly specifying the ZF LIFETEC plant for which they are applicable.

Supplier's own contract template cannot be used.

It would be impossible to verify all requirements with all cross functions in each individual case. To ensure a compliant contract the ZF LIFETEC template must be used.





ZF LIFETEC
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D-73553 ALFDORF GERMANY

