Supply Chain Requirements (SCR)



ZF LIFETEC Region / Plant: **North America / Reynosa MX, Chihuahua MX, La Laguna MX, Mesa US, Midland CA**

This document defines the fundamental logistics requirements and applicable documents which must be considered in the Suppliers' quote.
Please fill in the last section and sign this document for confirmation that all requirements are accepted and considered in your quotation.
⚠ **Important:** Any modifications, additions, or annotations made to this document will not be considered valid and therefore will not be taken into consideration.

1. Procurement process

- Delivery call-off procedure (DCO) with **Consignment process**:

- Shipments into consignment warehouse based on the schedule releases provided by ZF LIFETEC
- Transfer of ownership upon withdrawal (physical removal) from consignment stock
- Withdrawal report sent on regular basis to Supplier
- Payment based on self-billing note upon withdrawal from consignment stock*, according to agreed payment terms
- Minimum (safety) stock to be maintained in Consignment is defined based on supplier location & commodity type (2 weeks of demand for oversea suppliers), Maximum stock depending on delivery frequency
- Legal prerequisite for consignment process (e.g. the regulations concerning VAT registration) must be checked by the Supplier
- A contract is mandatory for the full description of the consignment process

** for very low volume parts or in exceptional cases when consignment is not possible due to legal reasons, the ERS process (Evaluated Receipt Settlement) will apply; once the goods are received at ZF premises and booked in the system, a Self-billing note is created automatically based on the Purchase Order price and the quantity of goods received. The Goods Receipt (GR) date is the starting point for the Payment terms established on the Purchase Order.*

- Rounding values will correspond to:
  - 1 Shipping unit capacity - for high volume parts
  - 1 Packing unit (box) capacity or 1 layer of boxes - for low volume parts

2. Incoterm

Please quote following Incoterms:

- FCA supplier's warehouse or supplier's plant[1]
- DAP ZF LIFETEC plant or ZF LIFETEC external warehouse[2]

[1]In case of FCA: notification of ZF freight forwarder, preparation and loading of the goods at Supplier's warehouse is carried out by Supplier. Destination specific routing instructions will apply.
In exceptional cases when consignment is not possible due to legal reasons the Supplier should consider FCA + TTOP (Title Transfer Our Premises), which means Title and risk of loss shall pass to Buyer when the Goods have been delivered to Buyer's address and all risk of loss relating to the Goods shall remain with Seller prior such time.

[2]In case of DAP: the quote must specify the considered delivery frequency, transport mode and routing, transit time. When using returnable packaging the transport cost must include the cost for empties' return (any deviation must be agreed with the receiving ZF LIFETEC plant)

3. Delivery frequency

- between 1 – 5 deliveries / week depending on weekly volume

A delivery frequency lower than 1 time / week will be accepted only for low volume parts delivered by long distance suppliers.

4. Packaging & labeling requirements

Generally, Suppliers located in the same region as the ZF LIEFTEC Receiving plant shall use returnable packaging and define a one way packaging solution as back up (alternative packaging).
Oversea suppliers should propose one way packaging solutions suitable for sea/ocean freight.

Adherence to ZF LIFETEC **packaging and labeling guidelines** is mandatory and failure to comply with could result in rejection of packaging proposal and charges to the Supplier.

The Supplier must describe his packaging proposal by filling in the ZF LIFETEC **Packaging Data Sheet** as part of his quote. The packaging proposal is subject to ZF LIFETEC plant's approval.

The packaging cost must be included in the quote, distinctly visible.
In case of returnable packaging, unless otherwise communicated by the ZF LIFETEC Receiving plant, it is Supplier's responsibility to buy the returnable packaging and to amortize the investment (including tooling, if any) over the lifetime volume.

ℹ The Packaging and labeling guidelines, as well as the Packaging Data Sheet may be found on the ZF LIFETEC website, SUPPLIER BOARD section**,** under LOGITICS: Logistics Please select the documents applicable to the NA region.

5. Data communication (either WebEDI or classic EDI) and Applications to be used

- Delivery call offs
- Advanced Shipping Notice (ASN)
- Stock movement reports for consignment process
- Self-billing of withdrawn quantities

- SupplyOn (Performance monitor, TOMS, etc.)
- PENSKE TMS (Transportation Management System)

6. Further applicable documents

- GLD (Global Logistics Directive), General forwarding Instructions, MMOG/ LE (Logistics)
- SupplyOn - please see homepage for further information (training, contacts, registration): www.supplyon.com

Supplier's acceptance

ZF LIFETEC location:	**Project Name:**	**Component PN and description :**
Supplier Shipping location (address):		
Supplier Name:		**Place, date:**
Representative's Name, Function and Signature:		

ASN: Advanced Shipment Notification
DAP: Delivered At Place Incoterms®
EDI: Electronic Data Interchange
EU: European Union
FCA: Free Carrier Incoterms®
GLD: General Logistics Directive
TOMS: Transport Order Management System
VAT: Value Added Tax