

Logistics handbook



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DURA
Automotive Systems



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DURA signature page


Ales Zastera
Logistics Manger DURA Koprivnice, CZ


Sandu Radutu
Logistics Manger DURA Timisoara, RO


Olivier Gillet
Logistics Manger DURA Le Mans, FR


Francois Meyer
Logistics Manager DURA Talaudiere, FR


Armando Loureiro
Logistics Manger DURA Guarda, PT



Wolfgang Berns
Logistics Manager DURA Daun, DE


Marco Schubert
Logistics Manger DURA Rotenburg, DE

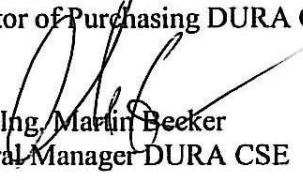

Christian Held
Logistics Manager DURA Gehren, DE


Patrick Manz
Logistics Manager DURA Einbeck, DE


Dipl.-Ing. Jörg Hochscheid
Materials Manager DURA CSE


Niclas Müller-von Wobeser
Operations Director CSE


Dr. Karsten Müller
Director of Purchasing DURA CSE


Dipl.-Ing. Martin Becker
General Manager DURA CSE

Supplier Signature page:

Company Name: _____

Company Adress: _____

We acknowledge the receipt of this Logistics Handbook and the Appendix. We accept the terms set forth and guarantee the compliance with the procedures and DURA requirements described.

Place / Date: _____

Signature: _____

Title: _____

Name: _____

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Preamble

The competition in the global market place has increase considerably over the last years. The increased diversity and complexity of our customer's products and our customers increased expectations make it essential that our logistic performance is outstanding in flexibility, quality and cost.

The material flow and locally orientated view of past times has been superseded by a Supply Chain model that has to incorporate the final customers view to be successful.

Since DURA Automotive Systems GmbH Control Systems Europe Division (further referred to as "DURA CSE") can only deliver the flexibility, quality and cost targets required together with its respective suppliers, we are looking for business partners who share our customer driven goals.

This Logistics Handbooks intention is to outline and define the logistic relationship between DURA CSE and its suppliers in order to minimize friction and bottlenecks and to deliver world class logistics to our customers.

This Handbook contains general and standardized procedures that are globally binding to DURA CSE's suppliers and are part of the "Strategic Supplier Contract" (further referred to as: SSC).

Regional supplementation may be necessary but these do not override the general rules of this document and are to be made in writing. A copy is to be sent to the DURA CSE Logistics Manger of the receiving plant.

The liabilities of the supplier are stated and documented in the SSC or governing law.

Should any section of this document by legally invalid, only this respective section of the document becomes invalid.

Deliveries

Delivery documentation

With every delivery to a DURA CSE plant the supplier must provide:

1. A delivery note according to VDA 4913 standard from the VDA organization (<http://www.vda.de>)
2. A CMR
3. Labeling of the goods (please see section Labeling)
4. where applicable, customs documents

DURA CSE expects that on all of these documents only the DURA CSE part numbers with issue levels and DURA CSE Supplier- and order numbers are used. (see: frame contract)

Electronic “Advance Shipping Notice (ASN)”

DURA CSE strongly recommends and supports the implementation of an EDI based dispatch notice of its suppliers according to the VDA Standard 4913. Details to setting up the electronic Advance shipping notice are available from DURA central IT (*see Appendix for contact*).

Freight management

Transport process

DURA CSE will issue a schedule which specifies, besides other points, the next in plant dates and the in plant quantity of a specific part to the supplier.

A copy of this information is given to the DURA CSE Logistics provider who will organize transport to collect the goods from the supplier.

The supplier must follow the procedure for freight registration as set forth by DURA CSE's Logistics provider. Any deviation to the procedure resulting in additional cost to DURA or the Logistics provider will be charged to the supplier.

The Logistics provider will confirm to DURA CSE on the pick up date the quantity to DURA CSE of every reference scheduled or actual quantity picked up at a supplier.

Express freights

Express deliveries are organized jointly by the supplier and DURA CSE receiving plant. The supplier has to advise express freights to the receiving DURA CSE plant and has to use the means of transport and carrier required from the receiving plant. Express Air transport is decided case by case from the organizing plant. Usually the receiving plant will take control of the whole chain. Any alternate arrangement is only valid if documented in writing.

Express freight transport cost will be paid for by principle of the root cause. If DURA CSE is accountable for the root cause DURA CSE receiving plant will be liable for the cost. Is the supplier accountable, he will be invoiced the cost by the receiving plant. Root cause burden of proof lies with the supplier.

Responsibilities

The supplier is responsible to have the requested part(s) in the requested qty(s), in the agreed packaging and quality, ready for shipment at 06:00 am on the day requested by the Logistics provider (= In plant day – Transit day(s)) based on the schedule or Kanban call Transit times specified by the provider) and . The supplier is also responsible for loading the goods to the means of transport.

The supplier is responsible to advise the load timely to the carrier by the carrier described and required process as well as to ensure loading to the means of transport. Loading time shall not exceed 60 Minutes.

At pick up the carrier will confirm in writing to the supplier the number of colli, the type of colli and the brut weight. The DURA CSE designated Carrier is responsible for securing of the load on the truck and transport¹. The carrier will keep all freight documents separate from the loaded goods.

The supplier will only use DURA CSE designated carriers or parcel services. Any cost incurred by DURA CSE due to delay caused by late pick up advise, missed deliveries, under deliveries or consequential losses for underfulfilment of schedule caused by the supplier will be charged back to the supplier.

Inco Terms

DURA CSE uses the *International Commercial Terms 2000 Revision 6 of the International Chamber of Commerce*.

Mainly used Inco terms

European road transport is FCA (supplier production/pick up location)

Far East and US ocean transport is FOB (port of departure) quay details will be present by DURA carrier

Packaging

This chapter of the logistics handbook shall assist in the design and usage of packaging between DURA CSE and its suppliers.

The following is to support the optimum design of packaging, standardized packaging units (one way and reusable), agreed quantities per packaging unit, standardized and correct labeling of every packaging unit and colli as well as to support understanding of packaging terms used in DURA CSE. A faultless material flow between suppliers and DURA CSE with

¹ Depending on the exact inco terms used

an optimized packaging regarding cost, protection, legal requirements and environmental concerns is required by DURA CSE from every DURA supplier.

Packaging definition

A Colli in this document is the whole palette and all packaging units wrapped, strapped and ready for shipment on it.

A packaging unit is the smallest box containing the part itself. Multiple packaging units make a colli.

The palette is level “zero”; any additions to the palette will increase the level number. For example:

Example of different packaging levels			
	Description	Remark	Level
The colli			
	Palette (1200x800x150)	Standard EURO palette	0
The packaging unit (PU)			
	Box (400x200x100)	12 boxes per layer, max 9 layer, max 108 PU per colli	1
	Plastic bag (400x200x130)	Inserted into each box, 108 bags per colli	2
	Plastic Lid (1200x800x70)	Lid to cover all boxes	3
	Plastic straps	To secure lid and PU on palette	4

Responsibilities

DURA CSE’s suppliers are fully responsible for suggesting and delivering in a zero fault packaging to DURA CSE at the minimum cost possible. Any possible deterioration of material during transport has to be taken into account and compensation has to be found and applied.

The supplier is not allowed to deliver any parts without written approval of the packaging. The supplier commits himself to accept any change of packaging requested by DURA CSE, (e.g.: pcs/box, pcs/colli, weight/box, weight/colli, quality requirements, labeling or the use of a specific supplier for packaging, ...).

The supplier is responsible for using and keeping updated the packaging Form described in the appendix to this handbook, for any change of packaging and before delivering to a DURA CSE plant.

Standard packaging

Packaging for goods delivered to DURA CSE must have a colli footprint of 600x400 or 1200x800mm. The number of level 1 packaging units on this base footprint must be dividable in whole numbers. The packaging units are not allowed to stand over the the foot print of the palette at any time.

Any packaging unit of level 1 upwards must not weigh more than 15Kg. The maximum overall height of a colli must not exceed 1100 mm. The maximum weight of a colli must not exceed 400 Kg.

Packaging of materials destined for ocean containerized transport must be adapted to a foot print that is dividable to the use in a 20' (inner dimensions [mm]: length: 5895x width 2350 x height: 2392) or 40' container. A colli for a container shal have either 750mm x 1150 mm x 750 mm or 750mm x 115mm x 550 mm (width x length x hight). 20' Container max 21,7 t & 40' container max 26,7 t. Please note that pallets used in a 20' container must be fork lift loadable over the short side where as in the 40' container they must be fork lift loadable over the long side.

A colli should contain only one item reference. If a deviation is economically viable the colli must be marked on two sides (one along the long and one along the short side) with an additional label (A5, landscape) "multiple items". A single packaging unit may never have more than one item reference.

Storage, cleaning and repair

All packaging materials have to be stored according to its specific requirements (e.g. cardboard should not be stored in wet areas).

DURA CSE will repair or replace reusable containers and debit the supplier with 50% of the cost if no other written agreement exists. Or by the "cost by cause" principle if damage is incurred beond timely deterioration.

Pooled containers (e.g. Euro pallets, DB Gitterboxes, KLT, (...)) are to be cleaned by the supplier as required by the goods to be transported. At minimum all labels have to be removed and the container has to be free of oil and loose dirt. Please consult the packaging data sheet for deviating specific requirements.

Special requirements for the use of wooden packaging materials

For the use of wooden packaging materials the rules and regulations of the (International Plant Protection Convention (IPPC), a sub organization of the Food and Agriculture Organization of the UN (FAO) are binding and are indisputably accepted and respected by DURA CSE suppliers.

The supplier has to correctly mark the used packaging and provide the certificates required for every shipment on his own without additional request of DURA CSE.

The above mentioned regulations are subject to change. The supplier is requested to review the legal documentation before each shipment in order to provide legally valid documentation.

Reusable packaging

Reusable packaging is defined as packaging that can be reused at the supplier. The suggestion to use reusable packaging may come from the supplier or from DURA CSE. In any case the requirements stated above are to be observed and applied.

Loop calculation

The packaging approval form is to be used to describe the packaging and initiate the approval process. Based on the data in the form DURA CSE will calculate the pool size and in cooperation with DURA CSE purchasing and the supplier will initiate the procurement of the approved packaging.

Accounting of reusable containers

Both DURA CSE and the supplier have and will have to run an account that clearly shows date (of transaction), packaging#, packaging name, qty received, quantity dispatched, delivery note# (of receipt, shipment).

DURA CSE will issue once a year a stock level report showing quantities held by DURA CSE and the supplier. The supplier is requested to check the report. Should the supplier fail to contradict the inventory balance statement within 10 working days, DURA CSE will take the stock level report as actual and will issue a credit or debit note as required.

Ordering of containers at DURA CSE.

DURA CSE will automatically replace the quantities sent back to DURA CSE by the supplier modified by the demand specified by the schedule releases for the parts in question.

The supplier is not allowed to use DURA CSE owned containers to store materials above the demand of the next week or pass containers to his sub suppliers.

Any loss or damage has to be reported in writing within 24h of the occurrence. Liability for loss or damage will be established in good faith and partnership with the supplier.

Should the supplier lack containers he is requested to contact DURA CSE immediately latest 4 working days before the pick up day. Any cost incurred due to a delay caused by untimely ordering or inventory review will be charged on the basis of a root cause analysis to the party at fault. The burden of proof lies with the supplier.

Pool containers

In some countries certain packaging materials (e.g. Euro Palettes, DB Gitterboxes, KLT,...) are seen as pool containers. These have to be accounted for by the supplier as required by the local industry sectors or carrier requirements.

The DURA CSE pools of reusable containers have to be accounted for as stated above.

One way packaging

The rules specified in “Standard packaging” are applicable for one way (e.g.: card board) packaging.

Packaging approval process and timing

With the submission of the quote documents to CSE purchasing, the supplier has to submit a fully filled out “[Packaging definition form](#)” Latest six weeks prior to the first delivery of a part, the supplier must submit the “[Packaging definition form](#)” (*see Appendix*) provided by DURA CSE purchasing to the DURA CSE receiving plant (*see Appendix*). The form, filled out with all details and a picture or sketch of the actual packaging will then be evaluated by the receiving DURA CSE plant. A possible test shipment may be requested from DURA CSE. Latest 4 weeks prior to delivery the DURA CSE plant will approve or disapprove the packaging suggestion. In case of a disapproval the supplier has to provide a new packaging, taking into account the points that led to non-approval by DURA CSE within 5 working days. DURA CSE may insist on the change from one way packaging to returnable or vice versa at any time. The supplier commits himself to fully cooperate and support this change in a timely manner if requested.

Labeling

DURA CSE is dedicated to reducing errors and cost in its processes continuously. One possible area of error is goods receiving. To minimize human error and reduce the time required to perform procurement in the goods receiving area DURA CSE utilizes the barcode information on the VDA labels. (see Appendix for examples)

Each packaging unit has to be labeled according to the VDA Standard and each colli must have a “Masterlabel” according to the VDA standard. (*see Appendix*)

A definition of the Label and the field descriptions may be obtained from the VDA (<http://www.vda.de>) organization. Alternatively external 3rd parties provide the service to print VDA labels.

Demand Transferal

As standard in automotive industry, DURA CSE will produce its goods in a repetitive environment just as the OEM's that we deliver to. This in course means that DURA CSE will repetitively send demands for its purchased parts to the suppliers.

Responsibilities

It is DURA CSE's responsibility to send its demand regularly and on time to the supplier. We strongly recommend integrating automatically our demand information into the suppliers production and planning system.

According to generally accepted standards the supplier has to check the schedule. If no written contradiction is sent within 24h (non European Suppliers 48h) upon receipt to the issuing DURA CSE plant the schedule is seen as accepted and the supplier is in the undeniable situation to deliver to the dates and the quantities set forth in the schedule.

Scheduling

A schedule will be sent via Fax or EDI to the supplier. The schedule is specific for a defined part. In general, the information provided is: *when* does DURA CSE need *what quantity* of a given part number. It being repetitive, the demands will change every time a schedule is transferred and the time horizon shown will automatically extend into the future.

Detailed description of schedule

For a detailed description of the information of a schedule please see the example attached (see [Annex for example schedule from DURA Koprivnice, DURA Timisoara, DURA Guarda](#)):

Schedules are sent on a repetitive regular basis. The new schedule replaces the previous schedule completely.

The supplier has to check the received schedule for evident mistakes and must report back to the issuing plant immediately, within 24 hours upon receipt, for correction if an error is found.

Authorizations

Being in a repetitive automotive environment the authorization periods will extend themselves with every schedule released by DURA CSE.

By standard DURA CSE will issue schedules that give *production authorization* for the next 4 weeks and an additional *raw material authorization* of further 4 weeks. By this DURA CSE is liable for 4 weeks finished goods and additional 4 weeks raw materials.

In the unlikely event that DURA CSE permanently cancels all demands for a given item, DURA CSE would reimburse the supplier for the cost of 4 weeks DURA CSE demand finished goods and 4 weeks raw materials.

Authorizations are based on the DURA CSE release date of the schedule. Due to the repetitive nature of schedules, authorisations are always seen in context to a specific schedule.

Should authorizations provenly not be sufficient to repetitively supply to DURA CSE, the supplier is asked to contact his receiving plant logistics contact to apply for a longer authorization period. Any data shown beyond the authorization period are non binding forecast data.

Forecast

Understanding that production works better if proper planning is applied, DURA CSE will send forecast data together with every schedule for a given part. The forecast is not binding for DURA CSE. The purpose is to provide a planning basis for the supplier to allow him to schedule production timely.

In the Schedules from Guarda, Pamplona, Timisoara and Koprivnice the quantities outside the authorizations are visible on the schedules. For the other plants the authorization is expressly noted beside the delivery date or the rule of 4+4 weeks authorizations applies automatically, based on the schedule release date.

Being in a repetitive automotive environment the Forecast period will extend itself with every schedule released by DURA CSE. Dura will try to show a minimum Forecast of 6 months. Provided that DURA CSE's customer send such a Forecast.

For yearly planning volumes purchasing will provide a planning basis annually or with the signature to the frame contract.

The supplier is responsible for ensuring his and the capacity of his sub suppliers for the schedule demand and in addition a 30% flexibility.

Kanban

To be detailed

Vendor managed and Consignment Inventory

DURA CSE will transfer the Brut/Gross demand (disregarding the actual stock level at the customer storage location designated in or at DURA CSE) of a given part (that is either in Vendor Managed Inventory (VMI) or Consignment Stock (CS)) and the stock level to the supplier regularly. Authorizations are based on the DURA CSE schedule/Kanban release day. It is the responsibility of the supplier to deliver the items to the storage facility on time and keep the stock level within the agreed minimum and maximum levels.

The minimum (min) and maximum (max) level for each item are to be agreed in writing in an attachment to the VMI/CS contract.

The min and max levels will be reviewed minimum every three months by DURA CSE receiving plant Logistics team. A change of the boundaries has to be respected within 20 working days of the advised change. DURA CSE is entitled to charge back any warehousing, handling, insurance cost and any consequential losses and premium freights caused by inventory levels below the minimum or above the maximum levels agreed.

Communication

DURA CSE strives to build and maintain a good partnership with its suppliers. Part of a partnership is an open, timely and fair communication. Essential is to bilaterally respect all agreements, contracts and processes defined.

DURA CSE expects the supplier to communicate any deviation from the agreed process and any foreseeable disruption timely on his own accord to allow a preventive approach to problems.

Contacts

In order to communicate efficiently DURA CSE publishes its contact list in the Appendix to this Handbook (*see Appendix for contact list*) and in the DURA SQTW <http://supplierquality.duraauto.com> . In return each DURA CSE plant that is delivered to needs an up to date contact list of the supplier. (*see Appendix for example contact list; The file template to use is "DURA Contact sheet Supplier.doc"*). The Contact list has to be provided latest 2 weeks before the first delivery and updated minimum yearly or when a contact data change is incurred by the supplier and sent to the Logistics manager of the DURA CSE receiving plant.

The named contact and its "step in" must have the necessary functional knowledge and competence.

DURA CSE requires the contacts name to communicate verbally and in writing either in the native language of the DURA CSE plant or in English.

Contact Availability

Required availability of the named contacts is 07:00h till 17:00h local supplier time every working day. Outside this time slot, a qualified (language and professionally) emergency contact is required and on bank holidays. (*see Appendix for contact list, Template file "DURA Contact sheet Supplier.doc"*)

Information Transferal

One basic element of DURA CSE's communication is the schedule or Kanban call. DURA CSE strongly recommends integrating schedule or Kanban demands automatically into the suppliers ERP systems. Details to the available EDI formats are available from DURA central IT (*see Appendix for contact; no Template; Text in Appendix*”).

Order Fulfillment

The supplier continuously monitors his order fulfillment process. Regarding production progress a supplier can give immediate and complete information (available machine capacity, HR capacity, material capacity, quantity available, shipping). The supplier ensures the same visibility with his sub suppliers.

An early detection system for bottlenecks is required and emergency plans and escalation

procedures are documented, up to date and can be presented at any time to DURA CSE auditors.

The supplier has to take immediate measures to compensate any disruption of the “order to delivery process” (OTD). Should the measures taken by the supplier not be sufficient to compensate any delay, change in available quantity or quality, the supplier has to immediately inform DURA CSE’s logistical contact. If required first by phone additionally and as an absolute requirement in writing (FAX or email).

The supplier will readily inform about:

1. Root cause of the supply issue
 - i. Ishikawa, 5 Why
2. Available production capacity
 - i. Number of shifts in use
 - ii. Number of additional shifts possible
 - iii. Number of pieces per shift
 - iv. Number of not o.k. pieces per shift
3. Possible alternative production set up
4. Checked partial delivery concepts (Estimated Time of Arrival at DURA CSE), quantities per shipment; Cost)
5. Taken steps for (applicable for quality, capacity and logistics root causes)
 - i. short term compensation and containment of root cause
 - ii. long term countermeasure of root cause
 - iii. Timing plan for long term steps incl responsibilities

Flexibility

During Ramp up or Ramp down periods DURA CSE expects increased flexibility and communication from its suppliers.

Non Compliance

Any non compliance to the delivery schedule, the regulations of this handbook or the Quality Assurance Manual (QAM) in their current version are seen as a severe non compliance.

These non compliances will be relected in the supplier rating

<http://supplierquality.duraauto.com>

Any cost incurred due to non compliance will be charged on the cost by cause principle to the causing party. Part of the cost are administrative charges incurred by DURA due to additional administrative attention required due to non compliance. These are charged as a fixed sum to reduce administrative cost. A break down of time and cost per hour can be requested.

Continous non compliance will result in a desourcing of the supplier.

Delivery performance

DURA CSE is reviewing its implemented supplier performance measurement system and

with it the delivery compliance measurement process.

Claim management

Basis of a claim in DURA CSE is the 8D process (see Annex for example of 8D form). DURA CSE receiving plants will issue an 8D report on any disruption to the DURA CSE supply chain. All 8D's have to be answered timely and according to the timelines set forth in the DURA Quality assurance Manual. Exceeding of the timelines will result in additional demerit and additional 8D's.

The emergency response, D1 and D3 must be completed within 24h of the 8D being posted (sent to the supplier). Section D5 must be posted within 5 days and section D5 must be completed within 14 days of the 8D being posted. The DURA Supplier Quality Tracking <http://supplierquality.duraauto.com> site will show all issued 8D's for a supplier as well as their status.

Miscellaneous

Order confirmation

DURA CSE does not need or require an order confirmation of any sort for schedules sent. We do not accept or respect order confirmations for schedules. DURA CSE's SCC, Quality assurance manual and Logistic Handbook override and replace any Order confirmation sent at any time from the supplier.

Long Term Supplier Declarations

All DURA CSE suppliers have to provide a long term supplier declaration for all of the parts delivered to DURA CSE to each receiving DURA CSE plant. The operating time of such declaration must not exceed 1 calendar year and must be renewed by the supplier unrequested by the first working day after the 15th of December every year or when the country of origin changes. (see Annex for example of a Log term supplier declaration form). The local legal requirements are to be respected by the supplier.

The supplier has to keep his records and documents up to date and auditable to DURA and any finance, governmental authority or auditor.