



Samvardhana Matheson Reflectec

# **Global Supplier Manual**

## **Appendix B – Supplier Delivery Standards**

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## Supplier Delivery Standards

### Introduction

Suppliers shall establish systems to support the delivery of products 100% on time. The supplier is expected to contribute to continuous improvement, enhancement, and integration with SMR systems.

Suppliers shall contact the SMR site supplied for specific details. Suppliers must receive written agreement from SMR to deviate from any policies or procedures shown in SMR standards.

### Supply Standards

The following guidelines define the requirements for delivery of product into SMR. Suppliers must receive written agreement from SMR to deviate from any policies or procedures shown in these standards.

Suppliers shall establish systems to support the delivery of products on a Just-In-Time basis. The supplier is expected to contribute to continuous improvement, enhancement, and integration with SMR systems.

Supplier shall complete the AIAG Global MMOG/LE survey when specified by SMR.

### 1. Shipping / Forecast Requirements

SMR shall supply a schedule of requirements of anticipated future usage for all product on the supplier's blanket purchase order. These requirements will be furnished on a weekly basis to the primary delivery contact for the supplier. The Release/forecast will contain the following information:

- SMR part number and description
- Last Receipt Date and Quantity
- Cum Received as of Last Receipt
- Cumulative requirements for the next 24 weeks
- SMR materials contact, phone/fax number, e-mail address, delivery frequency, and delivery windows.

Suppliers must be compliant with EDI. This document will be transmitted electronically.

The Supplier Schedule/Material Release is authorization to purchase components and ship product to SMR on the date of the release quantity. Fab and raw authorizations are provided on this document.

It is the supplier's responsibility to confirm receipt of the shipping release. If the release is not received, the supplier should contact SMR Material Control

The receipt of an updated shipping release will supersede all previous releases. Suppliers must always ship to the latest release.

Suppliers must meet the cumulative required quantity by the date listed on the release

### SUPPLIER SCHEDULE / MATERIAL RELEASE

Supplier: 058500  
R&S RUBBER COMPANY  
6553 ANGOLA ROAD  
PO BOX 553  
HOLLAND, OH 43528

Attention: John Doe  
Telephone: 810 364-4141  
Fax/Telex: 810 364-6821

Release ID: 000104  
Purchase Order: 1291  
Item Number: 1405221

Ship-To: 100  
SMR Automotive Systems USA  
1855 Busha Highway  
Marysville, MI 48040

Attention:  
Telephone:  
Fax/Telex:

Release Date: 02/25/02  
Buyer: John  
In Transit Qty: 0.0

Release ID,  
PO Number,  
and SMR Part  
Number

Last Received  
Date, Qty and  
Total Cum  
Received

Lever Boot  
J-Body  
Supplier Item:

Contact:

Ship/Dlvy Pattern:  
Delivery Frequency: 1x per Week

Release Contact: John Doe

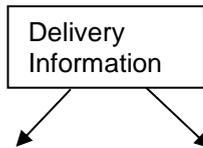
Shipments may be rejected and sent back at supplier's expense, including over shipments. All shipments must include a packing slip/ASN information, or a delivery concern may be issued.

Receipt Date: 02/18/02 11:30  
Receipt Qty: 7,200.0  
Revision:  
Cum Received: 52,200.0

Packing Slip: a2848-404

Release Pattern: Friday for Monday  
Phone Number:

Email: john.doe@smr-automotive.com

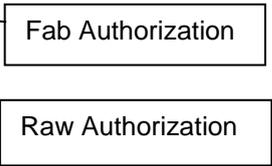


Interval	Deliver Date	Deliver Time	Reference	Q	Discrete Qty	Cum Reg Qty	Net Req Qty
	Prior					52,200.0	0.0
Daily:	02/25/02	F= Firm Order to Ship Product		F	7,200.00	59,400.0	7,200.0
	02/26/02			P	0.0	59,400.0	0.0
	02/27/02			P	0.0	59,400.0	0.0
	02/28/02			P	0.0	59,400.0	0.0
	03/01/02			P	0.0	59,400.0	0.0
	03/02/02	P= Planning requirements		P	0.0	59,400.0	0.0
	03/03/02			P	0.0	59,400.0	0.0
Weekly:	03/04/03			P	7,200.00	66,600.0	7,200.0
	03/11/02		P	7,200.00	73,800.0	7,200.0	
	03/18/02		P		79,200.0	5,400.0	
	03/25/02		P		84,600.0	5,400.0	
Monthly:	04/01/02			P	30,600.0	115,200.0	30,600.0
	05/06/02			P	23,400.0	138,600.0	23,400.0
	06/03/02			P	9,000.0	147,600.0	9,000.0
	07/01/02			P	0.0	147,600.0	0.0

Cum Required Qty is the required Cum needed at SMR by that Date

Fab Authorization Cum Qty: 73,800.0  
Raw Authorization Cum Qty: 91,800.0

Thur: 03/11/02  
Thur: 04/05/02



Approved by \_\_\_\_\_

## 2. Capacity and Safety Stock Maintenance

SMR requires that all suppliers verify their available capacity against ongoing requirements. Capacity concerns must be addressed through the SMR concern report system. Suppliers are expected to develop and maintain their own buffer levels to protect SMR from unforeseen circumstances. Specific safety stock programs may be instituted for high risk suppliers as needed.

## 3. Delivery of Goods

### 3.1 Delivery Windows and Schedules

SMR requires that all suppliers ship within their specified delivery windows. Delivery windows are identified on the Shipping Release. If a supplier is unable to deliver within their window SMR material control should be notified. To change your delivery window, release date, or frequency you must receive written authorization from SMR Material Control. Failure to comply will result in a DMR and chargeback for line down time, expediting, and premium freight.

### 3.2 Delivery Paperwork

Suppliers must provide packing lists for each delivery to SMR. Each packing list should contain the following information at minimum:

- Packing slip number
- Supplier name and ID number
- Supplier PO #
- SMR part number, description and revision level
- Number of standard packs shipped for each item
- Quantity of parts shipped for each item
- Total number of pallets for delivery

The packing slip number must not be repeated within a period of one year. Information such as item number, description, and unit of measure must match with the shipping release. A separate packing list number is required for each PO number. Copies of the packing list are to be supplied by the delivering carrier and not attached to the material.

### **3.3 Transportation and Freight**

It is SMR policy that all standard freight charges are not included in the piece price shown on the purchase order. Suppliers shall conform to logistic instructions that support SMR delivery schedule requirements.

Premium freight that has been determined to be SMR responsibility must be coded so by SMR Material Control.

SMR Material Control will provide a freight authority number to the supplier for reimbursement of premium freight expense.

The corresponding invoice for the freight expense must reference the packing slip number for the delivery and the freight authority number.

SMR will not pay any freight invoice that does not have a corresponding freight authority number.

### **3.4 Shipping Discrepancies**

Discrepancies with deliveries will be communicated to the supplier via the NCM DEL form within 24 hours of receipt.

Suppliers will be notified for all deviations in Part Number and Total Quantity between the stock and the delivery paperwork. Suppliers should adjust their invoices to reflect the new information for the delivery.

### **3.5 Early Warning for Shortages**

SMR requires that the supplier notifies their Materials contact in the event that a schedule cannot be met.

The ASN does not serve as this notification, separate written notification is required. It is expected that the supplier supply the following information in the communication:

- a) Why are you behind schedule?
- b) What is your survival shipping plan in the short term (next 24 hours)?
- c) What is your plan to catch back the past dues?
- d) What is your plan to rebuild your internal buffer stocks?

### **3.6 Labeling and Identification**

Incoming materials are to be identified by the supplier with an identification label. Hand written information is not acceptable. Hazardous materials are to be packaged and identified in conformance with Government regulations. The following are the requirements for labeling and identification of containers shipped to SMR:

- a) All labels shall comply to the Regional SMR Supplier Packaging Standards.
- b) Suppliers shall obtain the site specific packaging Standard from the each site in which they supply.
- c) Methods to facilitate attachment and removal of labels shall be considered in the container design. Flat surfaces, holding pockets and other attachment techniques should be established.
- d) Labels shall be located in a manner that promotes easy identification. Suppliers may use AIAG B-3 as a guideline.
- e) SMR requires that all incoming material be identified with the supplier manufacture date. This information will be used for lot traceability.
- f) Shipments of new level products or sample materials must be identified as such.

### **3.7 Packaging and Container Management**

- a) All packaging shall comply with Regional SMR Supplier Packaging Standards.
- b) Deviations from the packaging standards must be submitted to and approved by a cross functional team consisting of Materials, Quality, and Manufacturing.
- c) The supplier is encouraged to utilize returnable containers wherever possible.
- d) Standard returns of empty containers shall be established and agreed by SMR Materials and the supplier.
- e) The Supplier is responsible to manage the fleet size of returnable containers.
- f) Should the supplier require the use of an alternate pack due to a shortage of containers, the supplier must obtain the approval of SMR prior to use. Requests for reimbursement shall follow the RFQ process.

### **3.8 Line Shortage and Downtime**

In the event that the supplier failure shall result in a line shortage or downtime for SMR Manufacturing operations the supplier shall be assessed all associated costs.

A Line Shortage is defined as any supplier caused failure that prevents the Manufacturing operation from completing the schedule.

Certified Line Downtime is defined as any supplier caused failure that stops the Manufacturing operations

### **3.9 Customs Requirements**

The supplier is responsible for accurate completion of Customs documentation per Regional Requirements and for filing the PARS (Pre-Arrival Release System) with the Planners' broker two hours prior to the truck arriving at the Border. Suppliers must provide at least (3) three copies of all applicable shipping documentation ( packing slips, bills of lading, etc.) for all cross-border shipments.

### **3.10 Obsolescence**

Business practices:

When a production part is discontinued the supplier may have a valid obsolescence claim against SMR. To receive compensation for obsolete goods the supplier must submit an Obsolescence Claim Form for approval. See Regional site for appropriate form.

Only materials used in the production of specific end assembly parts should be identified on the claim form. Under no circumstances is a claim to include separate charges for tooling, handling, warehousing, freight or disposal costs. If such charges result from the termination of a production part, they must be submitted to the appropriate SMR Buyer for disposition.

Submission guidelines:

A) Claims allowed

- 1) Only end item parts cancelled by SMR
- 2) Only material that has not been shipped to SMR plant locations
- 3) Only claims in excess of \$200 will be accepted for processing
- 4) Only parts, which meet SMR quality specifications, are claimable.
- 5) Parts must not be damaged or defective.

B) Claim document

Only one production end item and its related components and/or raw materials per claim document.

C) Time limit

The Claim must be submitted within one month from the final release date. A claim that is returned for error correction must be resubmitted within 10 days from its return.

D) Authorization

Claim quantities must be within the SMR release authorization by SMR. The supplier must provide adequate documentation to support the release authorization levels.

