

LOGISTICS GUIDELINE

MAHLE Behr EUROPE

incl. South Africa

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1 Logistics Requirements

A project-specific logistics concept will be drawn up on the basis of the global guideline and the respective regional requirements considering delivery lot, delivery concept and frequency as well as further specifications. This is to be compiled from the Logistics Requirements Sheet. Any queries should be directed to MAHLE Behr's Logistics Planning department in Stuttgart. This guideline is also valid for South Africa plants. Details and deviations especially regarding packaging has to be agreed in written form with MAHLE Behr South Africa.

The Supplier is obligated to strictly observe the delivery deadlines and quantities* and to comply with MAHLE Behr's approved (initial sampled) means of transport, packaging and dispatch of delivery documentation (EDI). In the event that any deviations are established an inspection report will be drawn up. The Supplier will respond by submitting an 8D report (in the MAHLE Behr portal - Pool4Tool). All resulting costs will be charged to the supplier via the inspection report**.

* LQMV ==> Supplier Management Agreement (Alt QSV ==> Quality Assurance Agreement) section 7.7

** According to the LQMV - various sections.

2 Delivery Concepts

MAHLE Behr Europe uses “FCA named place” as standard Incoterm. Details regarding shipping and declaration of the goods shall be agreed with the MAHLE Behr Logistics Department when the project commences. The supplier has to comply with the respective tool which is used by the nominated forwarder. Possible adaptations caused by a forwarder change have to be implemented on a cost neutral basis. Exceptions shall be agreed with MAHLE Behr Logistic Europe.

Deliveries to MAHLE's European plants generally take place via a logistics center. Exceptions to this are special load units that are oversized or single boxes. When making deliveries to the central warehouse it should be ensured that pallets only contain one type of good and loading units are complete. Mixed pallets and incomplete loads are not permitted and will be rejected. Delivery lot size and delivery frequency for new projects are defined in the Logistics Requirements Sheet.

The handling of empty special load carriers, inlays, etc. is usually carried out by the respective MAHLE Behr plant.

Details regarding the envisaged delivery concept, including Incoterms, can be found in the tender documentation of the respective project and shall be agreed with the MAHLE Behr Logistics department.

3 Packaging

3.1 Packaging Requirements

In addition to the global Logistics Guideline the following points shall be observed.

3.1.1 Standard Dimensions

The following standard dimensions shall be used for deliveries inside Europe:

- 1.200 x 800mm
- 1.240 x 835mm
- 1.200 x 1.000mm

The maximum permitted height of 1.200 mm per unit load shall be complied with for all standard containers. Any deviations from these regulations must be agreed in writing with the MAHLE Behr Logistics Department before use.

3.1.2 Ergonomics

Weight restrictions must be observed for returnable containers.

A maximum total weight of 12kg including packaging must not be exceeded for small boxes (disposable / returnable) employed for shipments to / from MAHLE Behr.

Exception: For the MU7 container a maximum permitted total weight of 8kg applies.

The permissible maximum weight per loading unit is 1.000kg.

3.1.3 Product Protection

Unless otherwise specifically prescribed in the drawings or specifications / quality standards, the supplier shall determine on the basis of its expertise the type of corrosion protection required to adequately protect any sensitive products. The method of protection selected must not impair the functional integrity or use of the product. Protective agents employed must be free of residue and capable of being completely removed and disposed of in an economical manner. VCI agents (VCI - German Chemical Industry Association) may be used if it is ensured that the protection will last for the prescribed storage life and the product being protected, parts thereof or individual materials are not adversely affected.

3.1.4 Load Securing and Closure

Goods are handled to some extent in a highly automated warehouse. The requirements of the global guidelines shall be observed, irrespective of whether goods are delivered in returnable or disposable packaging. MAHLE Behr Logistics department should be contacted before shipping commences to clarify any queries. Deviations incur additional cost and effort in the affected warehouse and lead to complaints.

Boxes are to stack properly on a pallet. Boxes, containers or cartons which stand above are not allowed. This is also valid for other parts of the packaging like adhesive tape, foil or similar.

3.1.5 Labeling

VDA standard 4902 version 4 transport labels or compatible Odette or GALIA transport labels must be used.

MAHLE Behr will implement the Global Transport Label in order to streamline material flow processes. If requested by the receiving MAHLE Behr plant the supplier shall changeover to this new standard. If necessary, MAHLE Behr will provide a Web Application to print these labels.

3.2 Returnable Packaging

Using one-way inlays in returnable boxes should be handled restrictively. One-way inlays are amongst supplier responsibility and have to be developed and procured by the supplier. The costs have to be included in the initial offer.

3.2.1 Large Containers

CHEP

The MAHLE Behr Pool system provided by the company CHEP must be used when delivering goods in large load carriers. Boxes are rented from the pool and have to be included in the part price. The MAHLE Behr Logistics department can provide more information about the processes and terms of this system on request.

MAHLE Behr accepts the inclusion of the provision fee and five days of rent for the transport between the supplier's sending location and MAHLE Behr in the part price. Boxes for internal supplier processes have to be procured by the supplier.

Cage pallets / Euro pallets

Europool cage pallets / flat pallets are standardized universal transport containers for shipping goods within Europe. The following information must also be observed:

Europool cage pallets / flat pallets are generally used as exchangeable packaging. These are exchanged with respective exchange partners (supplier, plant, carrier, and customer). Defective or counterfeit Europool cage pallets/flat pallets will not be accepted. Europool cage pallets/flat pallets which cannot be exchanged will not be posted in the system. Wire suspension is not permitted on accident prevention grounds. MAHLE Behr reserves the right to accept Europool cage pallets / flat pallets provisionally as filled pallets may contain concealed defects. The regulations of the European Pallet Association (which can be found online at: <http://www.epal-pallets.org>) apply to Euro pallets and Euro cage pallets.

It is not permissible to deliver goods for new projects in cage pallets!

3.2.2 Small Containers

The MAHLE Behr Multipack Pool system must be used when delivering goods in small containers. The pool is based on the principle of buying and selling. The MAHLE Behr Logistics department can provide more information about the processes and terms of this system on request. Small Containers has to be stacked on a returnable pallet. One way pallets are not permitted.

3.2.3 Special Packaging

The supplier is responsible for developing and financing special load carriers (including universal load carriers with reusable special inserts). MAHLE Behr shall provide the supplier with the requisite technical specifications (e.g. technical fire prevention requirements, technical transport and production specifications) and quality requirements for materials and design. Any new special load carriers or modifications to special load carriers must be agreed and approved by MAHLE Behr. The Supplier shall bear the costs of development. The necessary investment and depreciation, maintenance, cleaning and servicing of the special load carrier as well as billing of the costs shall be agreed bilaterally in writing. The associate costing in each case must be disclosed and include a mutually defined range- and demand-oriented container quantity plan. The supplier is responsible for ensuring timely procurement and availability of the containers for SOP.

3.2.4 Repair and replacement of packaging

The costs for necessary repair and procurement of replacements of MAHLE Behr standard or special packaging will be born on a 50% basis by both MAHLE Behr and the supplier.

3.3 Disposable Packaging

Disposable small load carriers are shipped on Euro pallets within Europe. Alternatively, disposable four-way pallets may be used. However, this always requires the written consent of the receiving plant.

Impregnated, painted or coated wood is not permitted.

3.4 Overseas Packaging

One unit load consists of:

- 1 x collapsible box (cardboard)
- 2 x internal reinforcements (cardboard/wood), if necessary
- 1 x flat pallet (wood) (four-way pallet)

Standard dimensions:

- 1.140 x 790mm
- 1.140 x 900mm
- 1.140 x 980mm
- 1.140 x 1.140mm

The height shall be optimized for the respective shipping container deployed but must not exceed the maximum permitted height of 1.200 mm per unit load.

In case of small boxes a shoe carton has to be used in same dimension like a Multipack box.

3.5 Management of Empties

MAHLE Behr provides its suppliers with containers which are in an orderly condition. The supplier is responsible for ensuring that empty containers comply with the required level of cleanliness of the product and / or MAHLE Behr's requirements. The supplier is responsible for the cleaning of special racks or product specific packaging.

3.6 Environment / Recycling / Waste Prevention

As stipulated in the Global Logistics Guideline

3.7 Emergency Packaging

Before start of a project an emergency packaging has to be defined in addition to the standard packaging and agreed with MAHLE Behr. The concept must comply with the filling degree and dimension of the standard packaging. The supplier must take care that this is available in case of missing standard packaging in sufficient form immediately in order not to threaten supply of MAHLE Behr. The costs have to be agreed with MAHLE Behr before project start.

Deliveries in emergency packaging have to be approved by the affected MAHLE Behr plant before a delivery.

4 Hazardous Materials

Regulations governing the transport of hazardous materials shall be observed. The supplier shall be liable for any losses arising from the non-observance of statutory regulations.

As the distributor of hazardous materials the supplier is responsible for their categorization/classification, using a permitted method of transport and obtaining transportation permits. As the shipper/consignor the Supplier shall adhere to the applicable regulations for the transport of hazardous materials. Only type-tested and approved packaging which has been authorized by MAHLE Behr may be used for transport. Furthermore, to ensure the protection of the goods the loads must be adequately and suitably secured for shipping on the transport vehicle as regulated in the German Road Traffic Regulations (StVO), the German Regulations Authorizing the Use of Vehicles for Road Traffic (StVZO) and the German Ordinance on the Transportation of Hazardous Materials by Road and Rail (GGVSE).

The required data sheets, approval notifications, etc., must be provided to the carrier sufficiently in advance of the dispatch date. Packaging containing hazardous materials must be equipped with clearly visible warning and handling information as prescribed by law, and must be suitable and approved for the hazardous material in accordance with the current regulations. The type/name of the material, warning information and handling instructions may not be concealed. The scope of the statutory provisions includes the location, size, color, documentation, language of the label and the label holder. The company or owner of the firm which ships or transports the hazardous material, or packages it for transport, or hands it over for transport is responsible for this.

When shipping hazardous materials warning symbols must be used which comply with European or international regulations. They should also be accompanied by corresponding documentation. The necessary declarations must be included in the shipping documents.

5 Customs and Duties

When delivering to a non-member state the following commercial documentation is required:

- Commercial or pro-forma invoice
- Delivery note
- Packing slip
- Air waybill/bill of lading or CMR note
- Any documentation concerning preferential origin

In order to ensure the transparency of the business set-up the commercial documents must always provide a clear indication of the

- Recipient of the invoice (e.g. MAHLE Behr GmbH, Stuttgart)
- Recipient of the goods (e.g. Lila Logistic)
- End user (e.g. MAHLE Behr Rouffach)
- Shipper (e.g. Supplier A in the Netherlands)
- Seller (e.g. Supplier B in China)

Furthermore, to aid precise identification the respective MAHLE Behr purchase order number is required.

Incoterms 2010

The correct Incoterm including destination as agreed with the supplier (e.g. EXW Hong Kong / FCA Shanghai / DAP Besigheim / DDP Stuttgart) must be indicated on all commercial documents (commercial invoices / pro-forma invoices / delivery note).

If DDP is the agreed Incoterm, the supplier must have a customs representative in Europe or be registered himself with the customs and tax authorities in Europe to be able to deliver the shipment with duties paid.

Customs tariff number

The customs tariff number specified by the supplier is always taken as a first indicator by the authorities for determining a classification in the European customs tariffs to enable a more precise classification in the customs tariffs applied in Europe. Accordingly, the customs tariff number must be indicated in the commercial documentation.

Exact description of the goods

It is important for customs to be able to precisely identify incoming goods at the harbor / airport / border crossing point. For this reason the description of the goods on the commercial documentation must be sufficiently detailed.

Example:

- Sufficient: Aluminum coil stock, alloyed, thickness: 0.08 mm
- Insufficient: 600 kg Alu, coil stock

Value of the goods

The agreed price must be shown on the commercial invoice at all times or on a pro-forma invoice (free delivery), the realistic value of the goods.

Invoices where the value of the goods is stated as 0 EUR are not permitted.

The following items must be included in the delivery documents:

- Correct net and gross weight of the shipment
- Number of load carriers
- Number of individual packages
- Number of units or weight of the materials
- Type of delivery (air freight / ocean freight / road freight)

Preferential origin

If the supplier has its registered office in a non-member state which currently has a Preferential/ Free Trade Agreement with the European Union, the Supplier must provide the appropriate documents regarding preferential origin (e.g. Form A / EUR1 / ATR. 1).

The origin of the goods as per commercial law must always be stated on the commercial documentation (commercial origin).

Trade relations with suppliers within the EU

If the supplier has its registered office in the EU and is delivering material to MAHLE Behr from there, a Long Term Supplier Declaration will be required from the Supplier. This will be requested from the supplier by the MAHLE Behr Customs department on an annual basis.

This document must be completed by the supplier with regard to the preferential origin of the materials, stamped, signed and returned to the MAHLE Behr customs department (TEL3).

6 List of Abbreviations

AWB	=	Air waybill
DAP	=	Delivered at place
DDP	=	Delivered duty paid
EDI	=	Electronic data interchange
EU	=	European Union
FCA	=	Free carrier
Incoterms	=	International Commercial Terms
MU	=	Multipack
P4T	=	Pool4Tool
VCI	=	German Chemical Industry Association